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The National Economic League Quarterly

Social Reconstruction After the War

DISCUSSED BY

S. K. RATCLIFFE
Special Representative of the *London Daily News*

JOHN GRAHAM BROOKS
Author; Lecturer

THEODORE P. SHONTS
President Interborough Rapid Transit Company, New York

CHARLES W. ELIOT
President Emeritus of Harvard University

BEFORE THE ECONOMIC CLUB OF BOSTON
APRIL 1, 1918

SUBSCRIPTION PRICE $2.00 PER YEAR
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Discussion Before The Economic Club of Boston
December 10, 1918

ON

A LEAGUE OF NATIONS

Introductory Remarks by

William H. Lincoln

(President of the Club)

Fellow Members of the Economic Club and Guests: The League of Nations, a world organization, is a subject of supreme importance at the present time and one that is receiving the most serious consideration by the people of the nations who have been engaged in the most stupendous war for the preservation of human liberty, for the independence of peoples, and for the advancement of the civilization of the world.

The most difficult, the most intricate problems are to be discussed and solved, problems affecting the well-being of humanity. The plans, whatever they are, must be arranged to prevent wars in the future, and not only that, but to cultivate a spirit of amity and good will among the nations; to eliminate the causes of war.

In the process of recuperation there will come an impulse to develop trade, to stimulate industries, and to have a share in the commerce of the world. In these national aspirations, shall there be a spirit of competition as in the past, or coöperation? It is this spirit of competition that creates a feeling of envy and of jealousy and of hatred which is responsible for wars in the past. It is one of the chief causes of the war that has now been brought to a triumphant end. It was the aim, the purpose and the ambition of Germany to dominate the world, to secure, especially, commercial supremacy. It was this feeling that engendered such a deep and powerful hatred of England, its chief competitor.

The freedom of the seas and unrestricted access thereto is one of the great problems to be decided. There must come a more complete realization of the great fact of the brotherhood of man. It will mark the progress of the human race to greater ideals. It is the hope of the world. It will herald the dawn of a brighter world, a world that has been chastened and refined and a world to be redeemed.

There are divergent views in regard to the subject of a League of Nations as to the manner in which it is to be formed, the method of its operation, the powers that it should exercise. There are also some who are opposed to this system, to this League of Nations, as incapable of accomplishing the objects it is designed to fulfill. We will hear some such views presented to us this evening. I doubt, however, if there are any who take the position adverse entirely to the proposed plan of this League of Nations, to prevent these devastating and cruel wars that have affected mankind.

The first speaker of the evening is Mr. Glenn Frank, the author of "The Stakes of the War." I have the pleasure of presenting to you Mr. Glenn Frank. [Applause.]

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Glenn Frank

Author of "The Stakes of the War"

Mr. Chairman and Gentlemen: I realize too well the function of the first speaker at an Economic Club dinner to overstep the proprieties of that position. I have attended Keith's frequently enough to know the purpose of the act which comes first on the bill. I know that its purpose is simply to keep going until all the audience is in and settled in their seats. So, tonight, I shall content myself with an attempt to flash on the screen something of an outline of the subject which has been set down for our mutual consideration tonight. If, therefore, I paint with a rather large brush and a free hand, you will know that I do it intentionally in the full knowledge that the real artists who are to follow will paint the picture with which you are to be presented at the conclusion of this evening.

In August, 1914, Mr. Britling faced the rather difficult job of seeing it through. In December, 1918, the Mr. Britlings who are in this hall tonight face the equally difficult job of *seeing through it.* Our dead have bought with their bodies a wonderful, and, we hope, a very meaningful victory. The wounded, bearing that victory in their arms, staggered forward and presented it to us. We, and our accredited spokesman at the peace conference, now face the awe-inspiring responsibility of using that victory in a manner that will justify the sacrifice by which it has been obtained and handed to us. Every hour there is increasingly borne in upon us an appreciation of the fact that it has been given to us of this generation to live in a time when civilization has come to the cross roads; a time that will determine whether the curve of social and political progress is to rise or fall for the next five hundred years.

Before this war began, in spite of the vast amount of social and industrial discontent, political ferment, and the ceaseless readjustment of science, we had come to feel that we were living in a fairly safe and well-ordered world; that we could lie down at night and in the morning know just about how far and in what direction the world had moved while we slept, because we felt that at least the direction of progress had been fairly well charted, and that we had an approximately accurate estimate of the speed with which we were moving toward certain goals.

And then there burst upon the world over night this unprecedented war, and in the four years or more of its course so many readjustments have taken place, so many new energies have been released and so many new problems have been thrown upon the study table of the world, that now when we lay down at night we have no guaranty of the kind of world to which we will awaken in the morning.

For this reason one is justified in repeating what has become a threadbare platitude—that we are now standing in the midst of a process of grand scale readjustment and which for the rest of the lives of all of us at least will continue to challenge us

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with its puzzling alternatives of policy and of action.

Toward such a time of transition there are just two attitudes that the citizens of a democracy like ours may take. One is an attitude of drift. We may merely allow the affairs of our day to drift, trusting blindly to a benevolent providence that in the end all things will come right side up. Or we may take an attitude of mastery, and we may attempt so to understand the new forces that have been released, and so to comprehend the new situations that have obtained, that as citizens of a democracy, we may have some part in controlling and directing the inevitable changes and readjustments that are under way.

Now, any man touched by the spirit of modern science believes that even the drift of the world is toward the good; that the curve of human evolution is, after all, an ascending curve. But a man really touched by the spirit of modern science knows that by mixing human intelligence with natural law and social forces a better result can be achieved in a shorter time than if evolution is left to shift for itself. The secret, for instance, of Mr. Luther Burbank's remarkable work is not that with some sort of magician's wand he has brought from the thin air absolutely new creations of flowers and vegetables, but that he has taken natural tendencies and natural forces already at work, and by mixing human intelligence with them, he has produced in a short time a Shasta daisy—a bigger and finer daisy than nature would have produced in a century if left to herself. In the days ahead we shall need the services of a great many social and economic Burbanks; men who, by the grace of analysis, can see where forces and tendencies and energies are steering the world, and then can play the part of general in the leadership of these economic and social and political forces, and by mixing human intelligence with tendencies can produce a better world in a shorter time than if the world were left to itself to drift toward a result.

We, tonight, in this Economic Club meeting, are standing at the center of the third period of public thought respecting the war. When the war first broke the question on everybody's lips was: Who started the war? It was the perfectly natural thing to think that since the war came so unexpectedly, somebody, somewhere in a secret council chamber, with devilish intent, plotted and planned it and flashed it on a reluctant world; and as the war went on we came to see that there was a larger measure of truth in that contention than some serious students thought at the beginning. But there came a time, not many months after the war began, when more serious students began to see that, even though one or two or three individuals in some empire must shoulder the individual responsibility for starting this war, no individual in one hour could have set the world afire unless the world had been stocked with a great deal of inflammable material.

And at that point we began to ask a second question. Instead of simply asking "Who started the war," we asked "*What* caused the war?" And when we exchanged the personal

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"who" for the impersonal "what" we made an advance in intelligent analysis.

Today, we are concerned not so much with who started the war, or what caused the war, so much as with a third question, which is the uppermost question in the public mind today, and that is: What kind of world are we to have to live in now that the war is over? And that brings us face to face with the central idea of tonight's discussion—A League of Nations as the heart and center of the international settlement that an expectant world is waiting for.

Now, merely as a bit of background upon which the detailed discussions and the underlying philosophies and details of the large issues of the League of Nations are to be discussed, I want to say certain things tonight about how this League of Nations idea came to be the vital and challenging factor it is in the thought of America. For history will set it down as one of the most revolutionary of all the changes effected by this war that Americans—for almost a century and a half creatures of an isolation that had been quite as much a matter of mind as of geography—came to be the most determined adherents of a policy of coöperative internationalism. Let us see, therefore, how this idea came to get hold of the American mind. It was not foisted on the public by doctrinaires, but was a product of the evolution of our war mind.

After thirty-two months of persistent neutrality we definitely entered the war against the central powers. Our entrance into the war was more of a drift than a plunge. Our attempted neutrality of thought and act soon shaded out into a mechanical neutrality of action only. Repeatedly we glossed over bad situations with brave words in the face of cumulative insults. We stopped for awhile at the half-way house of armed neutrality. And when we found that that was an impossible shelter we moved into the open and frankly accepted the challenge which German policy had made to our self respect and to our traditions.

The morning after our declaration of a state of war, a hundred million Americans, the more thoughtful of them at least, laid down their morning papers with these questions in their mind: Why are we at war? What shall we do in the war? Are we ready to do it?

And, instinctively, these one hundred million Americans asked these questions in the order that I have stated them. For what goes on in the minds of a people as they go to war, for all its appearances of uncritical emotion, is a logically ordered process. Of course the mental reactions of a people in a crisis are not cleanly divided like flagstones laid together. They may and do seem hopelessly muddled, but in reality they proceed with a marked degree of order.

A nation feels a purpose, thinks a plan of procedure, and then acts with its forces. Purpose, plan and action are the three essentials of effective war, and not the least of these is purpose.

Of course modern warfare had proved that the effectiveness of armies depends upon the accurate mobilization and productive coördination

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of the industrial forces of the nation. But we soon saw that military and industrial preparedness must depend for their final effectiveness upon the spirit, temper and motive of the nation; that a mental preparedness underlies the work of all councils of national defense, naval consulting boards, and committees on industrial preparedness. We saw that vigor of purpose was just as important as mobilized armies and coördinated industries.

Ordinarily nations get this mental preparedness without conscious effort upon their entrance into a war, because usually they go to war by the instant resentment of some clear-cut and dramatic insult. Invasion welded Belgium into a mental and emotional unit. There was no slow growth of unity. It came with a rush.

But we did not have the vividness of an invasion to unify our emotions and solidify our purpose. It is true that the sinking of the Lusitania was, in a way, as dramatic as the invasion of Belgium, but its sinking occurred at such a distance and was befogged by so much pacifist sophistry that it did not produce anything like a universal demand for retaliation, and it would be next to impossible to unify Americans to go to war in April, 1917, for the sole purpose of resenting that insult. Our thought had become clearer upon the issues it involved, but our emotions had cooled, and wars are seldom waged on *ex post facto* resentment.

The geographical diffusion of our population, our distance from the war zone, and our traditional reluctance to mix in European affairs made it doubtful whether anything short of a bombardment of New York or an actual invasion of American territory would over night rouse our nation to action with that emotional unity which in twenty-four hours turned Belgium into one swinging sword.

All this meant that purely as a war measure, if for no higher reasons, we had to achieve in some other way that devotion to a unified purpose without which a whole-hearted waging of the war would have been an impossibility. It became clear that we were to be drawn into war by an ideal, rather than driven into war by an insult, and to delineate and make alluring such an ideal was an essential part of our war preparations.

It was just this that President Wilson set himself to do in his address to Congress asking for a declaration of a state of war. He was speaking to the nation mainly and to Congress incidentally. His address was a recruiting officer's challenge to all scattered purposes, divergent points of view, and hesitant loyalties, that they enlist under a clearly conceived and unified national purpose. And as such his address was a stroke of national preparedness as concrete as the building of a dreadnaught.

Had the issue at stake been simply the killing of isolated individuals and the sinking of isolated ships, had such losses been simply unrelated happenings, tragic as they were, there might have been some justification for the pacifist contention that men should stay off the sea lest they provoke war, that one life had no right to jeopardize the lives of millions. But as we view it now, the sinking of the Lusi-

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tania, for instance, was not an unrelated incident. The men who sank the Lusitania did more than take the lives of American citizens and destroy American property. They violated a humane principle which is the spiritual axis of modern civilization, namely, that the weak may move amidst the strong wrapped in the consciousness of the common chivalry of mankind. And if the weak may not in safety move amidst the strong, then this is not the twentieth century, it is the stone age. And in a world where strength recognizes no trusteeship of the weak all the fruits of industry, of art, of science, and of religion, represent but fitful and impermanent conquests.

The sinking of the Lusitania alone was ample justification for our entering the lists to prove that valor had not died within us, and that we could give blow for blow against the enemies of decent standards. We were fully conscious of the valuable contributions that the German nation had made toward the social and industrial organization of society, but we could not in loyalty to our traditions, have stood aside and had no part in the punishment of its tragic perversions. [Applause.]

So it happened that in entering the war we were doing more than blindly striking back at an enemy. With singular elevation of purpose we were entering a crusade for the preservation of chivalry, the expansion of democracy, and the undergirding of the future security of the world.

The all to meager "minimum of right," which the martyrdom of centuries had crystallized into international law, had been flouted by the twisted morals of autocracy. We were in honor bound to help remove this menace to what was understood to be decent and right upon the sea. The contagion of democracy is abroad in the world. We were under the compulsion of our every tradition to help spread the contagion until democracy had become epidemic. Two years and a half of war had done more than a century of discussion to reveal the rotten foundations of the system of a Balance of Power with every nation doing its best to tip the balance in its favor. We felt the obligation to battle in the conflict of war and in the counsels of peace so that out of this war there might come a Concert of People using their joint efforts and resources to make impossible a resort to war until every peaceful means of settlement had been exhausted. [Applause.]

There were the ends that quickened the pulse of America. It was to these ends that we mutually pledged our lives, our fortunes, and our sacred honor, in the same spirit that animated our revolutionary forefathers who thus worded their allegiance to liberty and democracy in the Declaration of Independence. It happened, of course, that the principles for which the War of the Revolution was fought and upon which our republic was founded came to their supreme test outside our own borders. But we were none the less obliged to defend them with all our human and material resources.

Now, impossible counsel though it seemed in those early days of the war, we undertook to wage war in a

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passion for these principles, rather than in blind and incoherent antagonism to a foe that had taken American lives and destroyed American property. There might have been wide difference of opinion regarding the incidental issues of the war, but it had become clear that the Imperial German government was an incurable menace. It stood squarely across the path of all the things that the best instincts of humanity were hoping for and the constructive statesmanship of the world struggling toward, namely, the recognized obligation of international law, universal democracy, and mutual guarantees of justice and peace.

So we gradually visualized our function in the war as a double function. Our immediate duty was to do everything we could to insure and hasten the defeat of Germany, and we are happy that we did that job in good fashion. But I think it is true that as a nation, and I am not speaking now of the jingoes, but of ourselves as a nation, we fought Germany in the spirit of a wrecking crew that was tearing down an old building, that the foundations might be laid for the new. The rotten structure of German autocracy was standing upon part of the land where the democratic purpose of the world was determined to build a temple of international security. And now that the war is over we shall stand convicted of a bankrupt imagination if we lose sight of the fact that the defeat of Germany does not mean that our purpose has been accomplished. It means only that we have gained the chance and the freedom to work out our purpose, which is to coöperate in such a democratic ordering of the world that it shall ever after be free from the menace of lawless aggression. [Applause.]

This war has proved, by the fact that we were unable to keep out of it, that our hermit isolation is now ancient history. We can no more revive that isolation than we can call back the dead. The world has become one nervous system. Injure it at any point, and it quivers entire. We are by force of circumstances and world evolution a member in a community of nations. And geographical measurements to the contrary notwithstanding, that community is a neighborhood small enough to make the action of each the concern of all. It is the counsel of folly and of irresponsibility, to say that we should keep clear of an effort to organize the force of all nations for the protection and perfection of peace.

It is clear that all of our policies for the immediate future at least will be influenced by the kind of international settlement effected at Versailles. Here again, this is not the easy generalization of a publicist. It is a fact with which business men are carefully reckoning. Harry A. Wheeler, the president of the Chamber of Commerce of the United States, in addressing the Reconstruction Congress of American Business Men in December last, put this matter clearly when he said, "There are two distinct phases of reconstruction or readjustment, one dealing with our international relationships, and the other bearing upon our internal affairs, for an endeavor to adjust the latter with-

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out taking into account the former would be to invite certain failure. The footing or foundation stone of political *and* economic reconstruction will be laid in the peace treaty."

If in the face of the complexity and magnitude of the problems of settlement and under the threat of Red Revolution, statesmanship loses the audacity of faith and permits gray minds to dictate an old fashioned diplomat's peace, on the morning after the treaty is drafted we shall be forced to begin another suicidal rivalry in armaments that will throw the business and industry of the whole world upon an abnormal basis of procedure, involve a costly process of political interference with economic law, force nations to turn themselves into self-sufficient economic units in direct opposition to the growing interdependence of the modern world, necessitate excessive taxation which will breed revolutionary discontent in even the most conservative societies, and sooner or later sweep us into another war. The theorist will of course say that the preparation for a possible next war need not mean such a perversion of the business and industrial processes of the world; that the best working-order for peace time will prove the best fighting-order for war time. And the theorist is right. Preparation for war need not mean a perversion of business and industry from the kind of organization and functions that will best minister to the normal needs of men. But we are here concerned not so much with what *need* happen in a perfect world as with what *will* happen.

But of course we are not counting upon that sort of settlement. Everywhere democracy is showing a new concern in diplomacy, and is marshalling its opinion for direct influence upon the men who are to write and the governmental bodies which are to ratify the treaty of peace. Never has a peace conference worked so directly under the white light of popular opinion. Statesmanship has been left no room to doubt the charge given by its constituency. The plain people of the world, who fought the battles of the war and who must continue for the rest of their lives to help liquidate the debts of the war, are expecting a constructive settlement of even handed justice expressed through a League of Free Peoples committed to the accomplishment of two definite purposes, namely, to prevent the outbreak of war and remove the causes of war. That may seem a negative and oversimplified putting of the desire of a whole world, but it is quite natural that at this time men should conceive their policies in relation to the central fact of war. And in the working out of the second purpose suggested, that of removing the causes of war, most of the positive policies of government and industry may find free play.

In the degree to which the measures and machinery determined by the peace conference are adequate and constructive, will the business policies of the future be freed from the dominance of political and defense considerations. It must be remembered, however, that regardless of the soundness of the settlement, the nations will await proof by actual operation that the new international machinery

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can afford full protection to legitimate national interests before limiting to any serious extent the strength of their military and naval defenses. Even after laws were passed against the carrying of firearms, men continued to carry them and the practice disappeared only when the necessity for carrying them disappeared with the better organization of society. The international situation offers analogy in this respect. Disarmament or even extensive limitation of armaments cannot be made effective by the executive decree of any peace conference. It will not be the legislation but the effective operation of a League of Nations that will make possible a genuine reduction of armaments. Nations will stop placing their trust for protection in armies when and not until a League of Nations proves that it can insure to all nations continuous justice and peace. As the curve of the League's effectiveness rises, the curve of armaments will fall. There is no short cut to the millenium. This dogmatic statement is made, however, in full realization that these are unprecedented times in which statesmen and peoples are likely to risk and realize large adventure in faith.

Let us examine the two phases of this League of Nations question, the negative function of preventing the outbreak of war and the positive function of removing the causes of war, without cluttering up the discussion with disconcerting details. Let us examine it with the primary purpose of seeing how the success or failure of the proposal will react upon the future policies of American government, business, industry, and the other fields of our national life.

The first part of the proposal, that of preventing the outbreak of war, has been so thoroughly threshed out in the public counsels of the nation that a brief survey is here sufficient. Clearly it is necessary that the nations work out some plan that will insure the submission of all international disputes to impartial hearing, examination, and decision before resorting to settlement by force of arms. International courts and commissions of conciliation are essential parts of the machinery of any such international attempt at the peaceful adjustment of difficulties. The recent experience of the world has made clear the necessity for a further step—the putting of a sanction of force behind the processes of international arbitration. The peoples of the several nations have grown sceptical of the wisdom of a system that leaves to the whims of diplomats and the secret processes of foreign offices to decide whether a nation shall submit its contentions to the open court of the world's opinion and coöperative action. There is a widespread feeling that the interests of humanity demand that the nations effect some method for using their combined diplomatic, economic, and military powers in compelling such submission.

One of the clearest statements of the several ways in which a League of Nations might put pressure upon a nation attempting to scout an open examination of its case and go directly to the battlefield occurs in Robert Goldsmith's *A League to Enforce Peace,* a book which, by the way, is

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a good example of propagandist writing lifted to the level of literature. Mr. Goldsmith points out that at least four methods of compulsion lie open to the use of a league, namely, moral suasion, social ostracism, economic boycott, and military force. Persons who question the practicability of a League of Nations and see in it not so much a machinery for the prevention of war as a machinery for the spreading of war, for the insuring that every war would be a world war, doubtless overlook the possibilities of the first three methods of compulsion here mentioned. The power of moral suasion would be greatly increased through the operation of a league, because then the blame of the world would be brought to a focus whereas it has been scattered in the past. The moral judgment of the race would be wrought into a keen-edged sword of blame. The same may be said of the new effectiveness of social ostracism under the administration of a league.

Then, too, the growing economic interdependence of the world has made of the blockade and boycott instruments of well nigh irresistible potential power that may be, that should be used in the maintenance of the peace of the world. To leave these instruments in the hands of the separate nations to do with them as they will is too great a risk for an inter-related world to run. John A. Hobson in his *Towards International Government* has indicated the use that a League of Nations might make of the economic boycott for the enforcement of the treaty obligations so clearly that he merits quotation. Mr. Hobson says, "The boycott is a weapon which could be employed with paralysing power by a circle of nations upon an offender against the public law of the world. No nation today, least of all the great industrial and military powers, is or can become socially and economically self sufficient. It depends in countless ways upon intercourse with other nations. If all or most of the avenues of intercourse were stopped . . . if all diplomatic intercourse were withdrawn; if the international postal and telegraph systems were closed to a public law breaker; if all inter-state railways' trains were stopped at his frontiers; if no foreign ship entered his ports, and ships carrying his flag were excluded from every foreign port; if all coaling stations were closed to him; if no acts of sale or purchase were permitted to him in the outside world—if such a political and commercial boycott were seriously threatened, what country could long stand out against it? The far less rigorous measure of a financial boycott, the closure of all foreign exchanges to members of the outlaw state, the prohibitions of all quotations on foreign stock exchanges, and of all dealings in stocks and shares, all discounting and acceptance of trade bills, all loans for public or private purposes, and all payment of moneys due—such a withdrawal of financial intercourse, if thoroughly applied and persisted in, would be likely to bring to its senses the least scrupulous of states." Clearly here is a full armory of possibilities which the federated action of the several nations can organize into a threat and instrument of economic excommunication which

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would go far towards the positive assurance that in the future the instruments of justice shall have at least an even break with the instruments of force in the settlement of international disputes.

There remains as a last resort military action by the league against the recalcitrant nation, in the form either of an international police force or of coöperative action of the armies and navies of the nation-members of the league. Little need be said of that, except that if force must be used it is better that it be used to uphold law than to violate it.

Up to this point the idea of a League of Nations is simple and elementary. It is simply the application of the principle of the court room, the vigilance committee, and the policeman to the international situation.

Such an arrangement, important and necessary as it is, does not go, however, to the root of the problem of war and peace. A League of Nations that did no more than play the vigilance committee for the community of nations would be dealing only with disputes after they had arisen, whereas, finally, peace will be lasting only when the nations unite in so dealing with the causes of war that disputes will not arise. [Applause.]

That brings me to the second of the two objects, that any adequate settlement, any adequate League of Nations must work toward, and that is: To remove the causes of war.

Here, I think, is the crux of the whole problem of lasting peace, of reconstruction, and of the continuing success of any league of nations. Unless those very material things, such as raw materials, markets, backward regions and the investments centering therein, shipping facilities and the like—are administered so as to reduce, if not to remove, that friction between nations which they have so often caused in the past, no league of nations, however skillfully organized, will succeed in maintaining a lasting peace. Unless the administration of these things minister in the long run to the necessities and welfare of all nations, they are bound to cause trouble. No league of nations that assumes other functions than those of the policeman, can keep the peace in a world where the problem of raw materials, the problem of markets, the problem of access to the sea, the problem of the development of backward territories, and the underlying problem of equality of economic opportunity are dealt with on the principle of every nation for itself and the devil take the hindmost. Rightly administered these problems will represent a bond of common interest and common action between nations. Wrongly administered, everyone of them will represent a center of dangerous explosive possibilities.

We need the framework of a league of nations, and the machinery of a league of nations, but we need also to remove from the world as far as possible every explosive which, if left alone, might wreck that framework.

If it will take the coöperation of a league of free nations to prevent the outbreak of war after a dispute has arisen, even more will it take cooperative action of a league of free

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nations to remove the causes of war before disputes have arisen.

The maintenance of lasting peace is going to require not only the cooperation of the world's armies but the coöperation of the world's best administrative brains. Political and military coöperation in the last analysis will deal with effects. It is economic coöperation that will deal with causes and put secure foundations under the future peace of the world. [Applause.]

If this statement in any wise serves as a preface and foreword to the very interesting volume which you are about to open, I am satisfied. [Applause.]

Horace M. Kallen

Author of "The Structure of Lasting Peace"

Gentlemen, I wish I were the author of the structure of lasting peace, but I am only the author of a lot of words about it. The most interesting point about *lasting* peace is the fact that the motives which underlie it are not motives that are in the foreground of our consciousness. You see, we think nationally, but in point of fact we live internationally. We think in terms of a political order, which expresses and has grown out of an agricultural economy. We live, on the other hand, in an economic order which rests on an industrial economy. And most of the recent wars which have not been wars for democracy, most of the wars which have not been wars of peoples against rulers, have been wars arising from the strain of the social structure of the whole world that comes from trying to adjust political order derived from an agricultural economy to an economic order derived from an industrial economy. The two systems do not fit each other; and as politics is always an expression of the economic life of a community it is through political action that all the difficulties have been expressed to which progressive and thoughtful men are calling attention both at home and abroad.

Now the real structure of lasting peace is a structure which would show itself as the coincidence and harmony of the two orders, of the economic order and the political order. If government would express frankly and openly as it has been expressing secretly the living, working, dynamic relations between the states of the world and between the classes within these states most of the causes for modern wars which have not been wars of rebellion and revolution, would disappear.

The discussion of the idea of the League of Nations, first, in economic terms and last, in judicial terms, a discussion for which perhaps more than anybody else the President of the United States has been responsible, derives from this felt need to adjust and to harmonize our political and economic organizations. Consider, when we talk about the sovereignty of sovereign states, what are we talking about? The notion that states can do anything they "*damn* please?" Not by a long shot. There is not a single

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thing that a state does, whether it is the creation of an international council or the determination of a tariff, in which it is not compelled to regard the attitude and the effective potent interests of other states. Our control of the Panama Canal is not an absolute control by any means. Before we built it there was any number of conversations with others powers, particularly with England, and our control of it is not altogether a sovereign control. Rather, we possess delegated and not sovereign duties to police it, and whether and how we shall share those duties may become just the question on which we may split with our associates in the war.

Now it is questions of this sort that have always been considered in secret. They have always been considered by groups of men appointed rather than elected, who met in the closed chambers and have talked over and made such adjustments as the interests involved allowed or demanded and who then reported back to their national Legislatures or Executives, while the concerned interests influenced public opinion to accept or to reject their reports. This secrecy sustained the illusions of sovereignty. But practically, all treaties are limitations on the sovereignty or freedom of states. There is no treaty that any state has made which, in so far as it establishes obligations to another state, is not a limitation of the sovereignty of that state. And if we should make treaties as we should need to, and as is proposed, separately with every single state, we should simply accumulate a collection of individual limitations upon our national sovereignty; a confusing collection, parts of which would be in conflict with others, so that our obligations to one state might on the basis of a treaty easily interfere with our obligations to another, and we find ourselves in more troubles instead of fewer in carrying out separate treaties with separate nations. A League of Nations, on the other hand, is only the same group of treaties made in the open, instead of in secret, and made uniformly and simultaneously instead of successively. It is an enormous classification and economy in treaty making.

There is going to be a League of Nations. Let us not make a mistake about that. The question is not—Shall there be a League of Nations? When Congress passed the naval bill—I think in May, 1916—a declaration of permanent policy on the part of the United States was inserted in that bill, a policy recommending or requesting the President to arrange at the conclusion of the war for the establishment of some sort of court which should adjudicate international disputes and our naval construction was made contingent on the development of that particular instrumentality. The President again has, in practically every document which he gave to the public since the beginning of the war in 1914, moved steadily and more and more emphatically in the direction of a League of Nations, and his last public utterance, on September 27, 1918, has declared the League of Nations, in his own words to be, "the indispensable instrumentality of a just and lasting peace." The governments of our associates are committed to some sort of League of Nations, and the

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conditions under which the armistice has been signed are conditions involving the creation of a League of Nations. Unless we want to turn our arrangements with the Central Powers into a "scrap of paper" we are committed to a League of Nations. The real question of this movement, hence, is not—Shall there be a League of Nations? It is, What kind of a League of Nations shall there be?

What kind of League of Nations there shall be is dependent, first, on the attitude we take toward our associates in this war, and second, toward the Central Powers. And there is a story told by Howard Williams, who has been lecturing among the soldiers in France, which illustrates very aptly what seems to me to be the difficulty in determining these attitudes. He overheard two of our negro soldiers in conversation with a Singhalese, that wonderful African fighting man, who talks French only, and whom one of our black doughboys addressed in English. The Singhalese did not, of course, understand him and said so, in French, whereupon our own black soldier deduced that he was being made fun of and became obstreperous. After a while it dawned on him that the Singhalese was talking a different language, and he turned to his buddie with "What do you think of that? He can't even talk his own language." [Laughter.] Now, gentlemen, we Americans, most of all, must beware of accusing our Allies, our associates, of not being able to talk their own language, when they simply don't talk ours. Our language springs from particular traditions and interests that have dominated the development, both of our social life and of our ideals. Theirs sprang from theirs. The first thing, the indispensable condition for any kind of lasting international organization is to translate the language of each into the terms of the other. The language of Europe today is primarily a language of need and hope; great need in Europe, overwhelming need which we alone are in a satisfactory condition to serve, in Belgium, in France and in Serbia; and great hope, the hope of widows and parents and orphans, which in fact we share, the hope that appears in the minds of men at the end of every war, the hope, the eager ardent hope, that war shall be no more.

How to satisfy that hope and that need both for ourselves and our Allies and how to deal justly with the Central Powers, without running the danger of substituting for the real lasting satisfaction a false one that is likely to destroy the good will which now exists between the associated powers, is the problem in the organization of a League of Nations.

I believe in the League of Nations with all my heart and soul, but I feel very deeply the cogency of the argument of those men and women who see in it the menace of a possible Holy Alliance. This is why, to my mind, it is so important to determine first of all what kind of league of nations we shall have. A League of Nations that shall coerce agreement? Or a League of nations that shall generate agreement, by organized public discussion and analysis under law publicly enacted, and on the basis of the public international good? A democratic

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league of nations, a league of peoples, or a league merely of governments?

Of course there is no question as to what the American answer ought to be, as to what the American answer in view of the great American traditions must be. But there is some question as to what it will be. The American answer should be an answer in behalf of a democratic league of free peoples. But it may be merely an answer in behalf of the League of Nations likely to become oppressive. For this reason it is well to survey the instrumentalities which of necessity have to be used as the basis of any League of Nations that we are likely to build. We cannot build *de novo* out of the full air. We are not in a position to introduce anything absolutely new. There must already exist for a starting point a foundation of some kind as an actual *going concern*. The difficulty with the earlier efforts toward a League of Nations has been mostly the fact that those efforts, instead of taking into consideration the points at which contacts between different states and the interests in different states were contacts that were charged with danger, took into consideration only the formal organization of machinery which should dissipate that danger after it had arisen.

As Mr. Frank has well suggested, our problem is primarily preventive and not remedial. Now it happens that the necessities of war, involving us as they did in such dangers whose control and destruction it was not possible to defer to precedent, it being necessary to create and set in immediate motion the machinery that should accomplish the ends desired, has prepared for us the League of Nations as a going concern. In point of fact there has been a League of Nations as a going concern for at least six months. It has developed naturally, developed inevitably out of the conditions the Allied Powers and our associates were confronting.

Those conditions were, by and large, very simple. Beside the enemy organized industrially and economically as well as in a military way for the purpose of conducting war, prepared for war on all sides, the Allied Powers were disorderly and incompetent amateurs. They themselves had been living from hand to mouth, so far as the adequate coördination between political and economical organization was concerned. Everything had to be made, except possibly France, and the resources of France, which were indispensable for effective making of munitions and so on, were immediately taken possession of by the enemy. The enemy got into the iron region of French Lorraine, and into the French coal region. He clung there until the very end of the war. Our army drove them out of Lorraine and the English finally out of the Lens area, but by the time that was achieved the war was almost at an end.

For the four years it lasted the French were under a tremendous handicap which with the instituted cooperation of England they conquered effectively. On the whole, they and all the Allies were unprepared. The economic as well as the military machinery had to be produced and had to be produced very suddenly. Disaster threatened any number of times in the course of the war. Now, the first

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thing that had to be done before a fighting man could get out to the battlefield at all and be an effective fighting man, was to provide the machinery with which the fighting is nowadays done. Providing the machinery meant getting together raw material. It meant getting iron and tungsten and manganese and nickel, and many other metals. It meant bringing together wool and cotton, it meant bringing together from overseas many chemicals. It meant using and producing transport under extreme handicap. When the Allies began those enterprises they began in the good old traditional way. They asked for bids and awarded the contract to the lowest bidder. They bid in this country and for some years we profiteered most nobly at the expense of England, France, Russia, Italy and the lesser belligerents. At home and here the Allies and the departments of their service bid against each other for all kinds of commodities. When we came in the story was repeated. Navy bid against Army and one department of the Navy bid against another department of the Navy and one department of the Army bid against another department of the Army. Profiteering continued. A war obviously could not be conducted with success, and for that matter, life itself cannot on this basis be carried on successfully, as the history of industry in this country shows. We learned in very short time, during which we passed through two crises of war organization that the necessities of the situation compelled the abolition of competitive bidding in favor coöperation; compelled the coördination of private industries, of individual enterprises with regard to the purpose that was to be served, into a single, unified whole. One of the first things that was done after the final War Industries Board was established, after the bill creating the Shipping Board was put into effect, was in some degree to pool the allied purchasing agencies and to give their representatives a seat in the War Industries Board, and to give England a seat in our Shipping Council. Similarly we had agents on the other side in the Interallied Maritime Transport Council. Thus our collective natural resources were pooled—copper, iron, fuel, wood, cotton. Competitive bidding was eliminated. Prices were determined on the basis of conversion costs with variations in different departments. Priorities were established, and so on. The most significant thing about this whole enterprise was the fact that the traditional scramble for profits was replaced—against great resistance and obstruction, and under very great strain and very great difficulty, of course, by an international organization affecting directly or indirectly twenty and more belligerants and all the neutrals. Without such an economic organization we should have lost the war.

With it we secured coöperation both in the acquisition of raw materials and in their distribution. Materials were not distributed according to the highest bidder, but according to the greatest need. They were distributed equitably, with a view toward a fair treatment of all the powers concerned. Not that only. The civil population was protected on its side against

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exploitation to a degree that can be judged by comparison with the neutral countries which were not parties to this organization. For example, prices during this war have, since 1914, risen probably about 52 per cent. The War Industries Boards Division of Planning and Statistics, now is working out comparative tables; none of the materials is, so far as I know, as yet available, but data that have come to me from various scources, not collated, indicate that the neutrals outside of this international organization have had to pay enormously higher prices for most of the things that they needed than we have had to pay. Thus, a woolen coat that cost $25 in 1914, probably costs now in this country from $40 to $45, and the ratio is about the same in England and in France, and a little higher in Italy. But I am told that in Norway a coat of the same material costs $125.

Now, what is the difference between us and the neutrals in this respect? Thus, we, by the pooling of all our resources and their equitable distribution, have been able, first of all, to meet, amateurs as we were, a professional enemy, and to beat him.

In the second place we have been able to keep down prices for the good of the public as a whole. How has that been done? First, by the maintenance of complete publicity in the operations of all the industries. I don't mean publicity in the sense that the public was told what each firm did; and so on; but in the sense that the public was told what each firm did, and so on; but publicity in the sense that each industry that wanted raw materials or anything else, declared its needs to the War Board; that the Division of Priorities allocated material to it on the basis of the data supplied concerning the industry. The allocation was governed by the honesty of the data and the rules of prority. The effect of this, although done under great protest, was to introduce a new spirit into the conduct of business, which is perhaps one of the most significant moral gains of the war. This spirit is the professional spirit—the sense that it is not so important for a man to make money in business as to do his job,—say spinning cotton or cutting khaki, or turning out guns,—as perfectly as he knows how, so that the advantages which one man had over another came from the highest and most perfect professional standards that he applied to his business. Just as we pay the expert physician a great deal more for his experience, so it turns out that in the course of the war the business man himself, by his regard for his profession first and foremost, knowing that his profits would be standardized, got the sense of the professional or artistic interest in business as against the competitive and merely money-making interest. Now, this, however, is only a by product of the international economic war organization. Its central rôle has been to be the foundation and insurance of the success of all the effort that we and our associates have made in the conduct of the war. The coöperation was indispensable. Its machinery is the machinery of an effective league of nations, effective at the only point where the League of Nations can be

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effective. Shall we, then, scrap this machinery and return to the *status quo ante?*

The War Industries Board, most of its functions having lapsed, has been already scrapped. Some of its departments will have to be continued over the period of reconstruction. The Shipping Board goes on, and the problem of whether we shall come into competition with Great Britain in the building and maintenance of ships, or whether we shall pool our interests by a development and perfection of the war basis as a partnership of peace, is again an aspect of the problem of what kind of League of Nations we want. Most of the international economic agencies like the Food Administration will have to be continued for some time. How are we to continue them? What shall we do with them? Shall we scrap them as much as possible? Shall we continue them simply as charities? There is, again, the international finance organization, forced on us by the necessity of financing the different belligerent powers. How are we to handle that? It will have to be continued to some extent, because money must be provided for the work of reconstruction in Belgium, France and Serbia. If we are to be governed by considerations of economy and efficiency it is obvious that it will be good business to conserve the maximum of all international organizations. But it is obvious also that it must be preserved under conditions by which the administrative machinery will be directly and truly responsible to the peoples. There is required in addition some kind of international political organization, an international conference or congress which shall control the administrative activities and shall be answerable to peoples under the law. This congress obviously must be created and maintained on a democratic basis. Unless it be so created and maintained, the danger of a Holy Alliance, with all that implies, seems to me to be very serious.

To sum up, the League of Nations is today in fact a going concern. The adjustments that we make in Europe may be adjustments that will cement our friendship with our present associates and will develop an enormous and profitable friendship with the neutrals and all the powers of the world. These adjustments would take place through the elaboration and perfection of the existive international agencies, by the conversion thus of all business into profession and the introducing and use of professional standards of public action, public inspection, and so on, in all business. The inevitable alternative, what everybody who has thought at all about the subject feels is the inevitable alternative, is to keep our outgrown and illusive sovereignty and isolation, to enter the competition for armament, for markets, for concessions, for loans, for all the troubles and rivalries that have brought on this war and will bring others.

Perhaps we may not, individually, profit so much,so immediately,through the League of Nations. But we Americans can afford to be generous. We owe something to our Allies. We owe them this League of Nations. So far, their need has been our gain. If we

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have two-thirds of the gold reserve of the world here, it has been because of the distress of the Allies. If we have at this moment a greater advantage in raw materials, it has been because of the distress of the Allies. We are in a position either to make the world permanently our friends, and ourselves the friends of the world, or of creating conditions of an international hatred toward us which ultimately must break out into war.

The solution of this dilemma is in the hands primarily of the business man. Washington, in the last three weeks, has been full of people who have profited by war and who now demand international arrangements to protect and maintain their profits. Chromite and nitrate producers, for instance, and others are demanding the protection of this private gain against the public good. And there are many others. Each is at the same time a most devoted believer in the League of Nations—for the other fellow. He does not see that he is thinking in items of a separate political system which has no business in the facts or experiences of the modern world and which cannot stand.

Gentlemen, the solution of the international question is to my mind first and foremost not in the hands of politicians but in the hands of business men. As they decide on the matters of foreign investments, of the control and distribution of raw materials, of control and extension of shipping, so the future of the world will be determined. The burden is on them because the power is theirs. And what happens to the world will rest on their own heads. [Great applause.]

Norman Hapgood

President of the League of Free Nations Association

Mr. President and Gentlemen: Let me first tell you in a few words just what The League of Free Nations Association is. In a sense, the League of Free Nations is a little brother of the older, larger, much more powerful organization in which President Lowell plays so active and so able a part. The League to Enforce Peace has been at work a long time. It started before the mass of questions which are now so closely upon us that they must be settled within a few months. It has done a great work in the educating of a large and powerful public to the first responsibilities that must rest upon the nation after the war.

The smaller organization to which I belong started only about six months ago. It was a group of professors, of journalists of the soberer sort, and a few expert students of international affairs. It used to meet about once a week and do a great deal between, all the meetings being on the question of what enlightened American opinion ought to settle upon as the task to be undertaken as soon as the war should end. When it was clear that the war was to end with unexpected suddenness this little Association decided that all the questions which it had been studying could easily be expressed under one head; that no one of the

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things which it thought ought to be done could be done unless we should have a League of Nations, and by a League of Nations they mean not any particular machinery, although they have published (and they have faith in) their particular view of what machinery is most important.

By a League of Nations they mean something different from an alliance. I do not suppose there are many of them who believe that alliances are likely to accomplish any good. Their reading of history shows that after every war there has been some alliance which has undertaken to safeguard the world, and that they have been in every case a failure.

Our contribution, if we have one, is to try to specify, and make public and cause to be discussed, a few of what we deem to be central principles, on which The League of Nations must be founded. We have among us one man whose name is seldom quoted when we give out our list of supporters. The reason we do not quote his name indicates the difficulties that we face. This is a world of haste, a world of headlines. This man is one of the most important thinkers on international affairs who has lived in this century, or more. I know what he has done behind the scenes, as well as what he has done by the printed word, and yet it is a striking fact and tragic fact that this man's name has to be concealed. Why? Simply because of the carelessness of human thinking. He writes a certain book, the essence of which is that force ought to be used by the nations in a community spirit. What gets over to the public? That this man is against the use of force; that he is a pacifist. He expounds carefully the thesis that no war can be profitable even to the victors. Formerly conditions were different. A few men were engaged in war; they ran over to the territory of another tribe, grabbed the women of that tribe, and perhaps some property of the tribe, and came back again, perhaps richer than before. But there is nothing to indicate that by a great modern war the common man in the victorious country can be left richer than before. Now what is left of that principle in the public mind? A prophecy that there would never be another war.

It reminds me of something said by the first great man, as far as I know, who ever discussed The League of Nations; the first man, at least I think, who was able to acquire a wide hearing for his idea. It was Jean Jacques Rousseau. It was not his own idea, but something submitted to him. He analyzed it from the standpoint of success and he said, there was no reason to suppose that it would have success. The reader may well ask, he went on, since it has every ground for support by the human race, because of its promised usefulness to the race, and because none of the criticisms against it have any force whatever, why is it that it is so likely not to succeed. Simply because, Rousseau replies, he had never noticed any tendency of the human race to serve their own real interests.

Mr. Beatson and I had a conversation tonight about what I should say here. I asked him if there was any one aspect which this group would

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want to hear discussed. He said, "I think they would want a good honest onslaught on the whole scheme of The League of Nations and I do not think it has been arranged by any of the speakers." I said I could not oppose it, but could indicate what is the line of talk of those in opposition.

The first objection is that pointed out by Rousseau. It is inertia. When you have proved a thing you have done very little to bring it to pass. President Wilson once said that the great trouble with his job was the enormous amount of effort required to get the public to move even an inch. I had a letter yesterday from one of the most intelligent men in the Senate. It was an appeal for argument on The League of Nations' side, as he found the difficulty in getting the arguments together; difficulty in getting material for impressing the public mind. It ought not to be difficult. In England they have had a Parliamentary Committee for a long time, and also in France, and there have been voluntary parties in those countries committed to the idea, and I think there will be a more or less fair fight over there, with one exception. The fight will not be evenly divided in the official classes, who appoint the delegates.

All of the governments, unless Russia is admitted, which does not seem likely, and unless Germany founds a stable Socialist government and is admitted, are in the hands of one kind of people, who do one kind of thinking, so that the element in the community which is interested in The League of Nations will not have delegates, but they will be there, knowing that they want a League of Nations and why they want it. This is the only one of the great countries in which education has scarcely begun.

One of the objections urged against The League of Nations, and urged often, by radicals is that it will be merely a Holy Alliance. So I think it is more than likely to be. If under the name of League of Nations we have nothing but an alliance, of the countries which have emerged strong from this war; merely an alliance, clothed no doubt in promises and altruistic phrases; a limited number of nations saying that they are the only ones having virtue, and the ones to decide what is best for all the world; then the alliance will be open to the criticisms to which the Holy Alliance was open.

We in our little group, seeking perfection, would like to meet that danger by proportional representation. There is almost no chance that it can be brought about,—I think no chance. The English last year had a sharp fight about proportional representation. The most intelligent liberal organs in that country supported the movement, and even England (accustomed to more liberal thinking than we have) failed to make any progress toward it. Proportional representation was a device intended to bring about the presence in parliament of fewer men selected because they happen to wear a single label. It was a device which aimed at having different groups of men to represent different points of view, so that parliament, instead of being a place where one group of ideas prevailed at one time, should be more directly a reflection of all shades of opinion in the country.

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We went into the war, at least on paper, to settle certain ethical questions. I think it was intended by the government that the war should be fought out on that plan. I do not suppose anyone here will pretend that it has been so fought. We have inflamed our passions, I think, almost as highly as any of the belligerents—perhaps I can say more highly.

I have been in Europe a good deal since the war began. I was there when the war began and I went back in 1915 and spent all of 1917 there and, while the manifestations differ I think it is probably true that passion takes the place of thought more here than in those countries which have been fighting long enough to go through that highly wrought stage, in which you feel that if you can only put your enemy down and out, that is all you have to do. Other nations were in that state in 1915, and large masses of them since have emerged from it and have been giving serious and prolonged thought to the question of what you want to do after you have gotten your enemy down.

We published our programme a little less than two weeks ago. Some of the New York papers treated it with silence and some with hostility. Those that treated it with hostility followed a line something like this: They said, "Let us look at this. What does this mean? Access to raw materials on equal terms? It seems to us that we smell Germany there. Will Germany have the same access to raw materials that the other nations have?"

There is one difficulty that Mr. Beatson wanted me to point out, the type of mind, now prevalent, that believes you can make a proper settlement by the size of the indemnity that you put on Germany plus the amount of restrictions you put on Germany's ability to pay those indemnities.

The third object lies in the word "pacifists." I have already explained how one of our group has become known as a pacifist, although his best efforts have been given to thinking out the way of handling force. No one of us, as far as I know, is an absolute non-resistant pacifist. Many of us are troubled with a certain sense of hypocrisy because we may have a sneaking belief that there is more in the New Testament than we seem to think there is. I am speaking quite honestly now, as I might talk to myself. I find my friends feeling this way: They say, "What kind of condition are we in, when we pretend to found our civilization on the New Testament, and when in any question that comes up, public or private, we are not willing to apply the New Testament even to the slightest degree?"

I went to dinner at the house of a federal judge the other night. There were only seven of us, and we were all well acquainted. We started making motions for fun. It was moved and seconded that the Kaiser should be tried by a tribunal selected exclusively from among the entente powers. It was voted down four to three. It was then moved and seconded that both the entente and central powers should be tried by a neutral nation. That was carried four to three. It was then

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moved and seconded that all the powers represented at Versailles should be compelled to repudiate the Sermon on the Mount or to apply it in some small degree. [Applause.] That was carried unanimously. [Applause.]

Nevertheless, as I say, that is only a thing that troubles us when we are alone, and we really do not think there is any use in pressing it.

I met Thomas Mott Osborne once in the University Club in New York. At that time he had just begun his experiment of treating inmates of Sing Sing in a little more humane fashion than ever before. He was not talking about the New Testament, but was relying on figures to show that if you do not punish those criminals, but put them on their good behavior and make it advantageous for them to be good, that the actual number of delinquencies committed would decrease. It was a matter of bookkeeping, but the newspapers thought he was a pacifist and a mollycoddle and they went for him. So I went up to Mr. Osborne and I said, "This is rough business, isn't it, trying to be a Christian on days that are not Sunday?" [Laughter.] He said, "Yes, and you know it seems so simple to me, because there is only one sentence in the Bible which has occured to me at all. Take the sentence 'Resist not evil.' What does it mean? Certainly not that you are not to do away with evil. It must mean that you don't get rid of it by taking an ax and going for it, but by planning something better which takes its place." In other words, it is statesmanship.

If there is any justification whatever that The League of Nations is a pacifist idea, it is not because it contains any people in its membership who are in favor of non-resistance of the extreme kind. All they want is to eliminate rage as an element in the settlement. They want to get the community to look at the facts, to look at the records of the prisons, to consider Burke's idea about drawing indictments against nations. It is a frame of mind which confronts us and forms one of our terrible difficulties.

Another difficulty which we are facing is political. I do not mean that it runs along the line of two principal parties, because it does not. If we succeed in having a League of Nations at all, backed up by this country, a large part of the credit will have to be given to the Republicans, because of the fact that the Republicans have happened to have in their party some men who were not impeded by the fact that the President of the opposite party had made himself champion of The League of Nations. Some ofthe leading Republicans have shown extraordinary generosity, it seems to me, when you consider the strength of party feeling in this country.

So, when I say "party obstacle" I do not mean between Republicans and Democrats, but between Reactionaries and Liberals, and they exist in both parties.

As far as the President can be looked upon as the leader of this League of Nations idea, the leader

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of this trust in ideas as opposed to old traditions and old hostilities, he is inevitably disliked by the type of man which is illustrated by Senator Reed, for example, in his own party, and by certain Republicans whom perhaps it would be more courteous for me not to mention. [Laughter and applause.]

Of course, if we are to have a League of Nations we have got to meet those fellows. We have got to take something away from what makes life joyous for them. They cannot possibly be really happy if they are told that the Panama Canal is under the control of somebody else than the United States. They cannot possibly be told that it is true, to be sure, that Austria was not to settle her dispute with Serbia without anyone else having anything to say about it, and likewise the United States is not to settle her disputes with Mexico without someone else being consulted. They are perfectly willing to put the screws on Austria, or to settle the control of the Kiel Canal, but when you come to the Panama Canal the shoe pinches. Now you cannot educate those people. They have simply got to be swept away. [Applause.]

There is, however, an answer even to the old-fashioned narrow kind of Americanism. You can start with American principles and answer the objectors with what they have been preaching. The steamboat is a fact, the telegraph is a fact, the Atlantic cable is a fact, the telephone is a fact. All these great new means of communication are important elements in the interpretation of any existing doctrine. Also it is true that the fear shown about participation of the United States in foreign affairs by Washington and Jefferson was based on our small population. A little while after those fears were expressed the United States undertook to save the small nations in this hemisphere from the great nations abroad. Now what is more logical, when the United States has become great and powerful, and when the world has become smaller, so that Europe is infinitely nearer to us than South America was when the Munroe Doctrine was promulgated—what is more natural than to say, "We will extend the Monroe Doctrine." That is natural, but we cannot extend the Monroe Doctrine and remain its only interpreter. If we are going to extend that safety to Belgium and Sweden and Spain and China that we have been extending to the nations of South America, we have got to do it coöperatively. And when you say that any nation has to depend on its own strength, not on other nations, what safety is there for Serbia and Belgium? It is an absolutely meaningless proposition. It makes me think I am going through Alice in Wonderland when I find that kind of reasoning.

If history shows anything, it shows that the strongest nation that can be created cannot be made safe by her own strength. Look at Germany. But when it comes to the week nations it seems too simple to state that their only hope for peace lies in The League of Nations.

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I am going to give you one other opposition argument, and I think that will be enough. That is the argument that it is against nature. That is perfectly true. If it were not against nature there would not be needed any association to promote that idea, and there would be no need of a League of Nations Association. We simply get together and organize and work because it is against nature. If men did it naturally we should not have to work. The policeman is against nature; the doctor is against nature; the teacher is against nature, as has been pointed out over and over again.

I have given you samples of the kind of argument against it. What is there for it? I think there is one thing for it,—namely, necessity. If a person has any imagination let him try to put his mind on what this universe is going to be if we don't have it. You know what armaments have been in the past, and what they have cost in money and in diverted thoughts, but think of what they must be in the future. Think of the new things which have come into warfare during this last war. Think of the submarines, the flying machines, the tanks, the gases, and hundreds of detailed elements, which can be grouped in several big categories; not only the number of them, but the vastly increased scale. Imagine every country having to be ready, not on the old lines, but on these vast new modes of warfare.

We scold Germany and scold her rightly, for putting her mind for forty years on that kind of efficiency, but if we do not have a League of Nations, after what has been taught to us now about what Germany could do and what we could do, we have got to out-Prussia Prussia in the preparation that we must make, and in the concentration of our mind on that sort of thing. That is the answer.

You can do things that have to be done, you can meet any "must."

Now, as to the chances of success, I am going to stop with an illustration from William James, highly honored surely by everyone here. He tells about a traveler in the Alps. This traveller, going down a declivity, finds himself where he cannot get back. He faces a chasm. He is not sure whether he can jump to the next landing or not. If he has confidence he tries to jump, believing he will succeed, and he does succeed. But suppose he is a doubter. He thinks he might, but he is not sure, and he falls. As James says, he was right in both cases. [Applause.]

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A. Lawrence Lowell

President of Harvard University

In Raphael's great picture of the School at Athens there are two prominent figures in the center of the stage. One of them, Plato, points upward to indicate that we must be guided by something ideal, while the other, Artistotle, appears to say, "That is all very well, my friend, but we must look at the facts." I believe that no movement can succeed which does not include both of these elements, but in speaking to a body of business men I take it that we are interested more in the facts than in the ideal. We may assume the ideal, but we want to know at the present day the facts, and I should like to refer to one small body of facts which bear on the question of a League of Nations.

Let us look at the condition of Europe before this war broke out and then at the condition which the war has left. Europe had a number of large powers—six great powers, so called. In the western part of Europe there were also a number of small states which were in a condition of contentment in the main. They contained people of a single race, or, as in the case of Switzerland, different races satisfied to live together under one government. These small states were unlikely to fight one another; nor were the large states likely to go to war on account of territory in Western Europe. France, of course, desired to recover Alsace-Lorraine and Italy to acquire the Irredenta, but neither of these countries was likely to go to war for that purpose alone. Apart from the ambitions of Germany, Western Europe was in a condition of political stability. In Central Europe there was, indeed, far less satisfaction with the political conditions. The Poles in Germany and Russia were not pleased with their lot; and in the Austro-Hungarian Empire many races were seeking to increase their power and improve their situation. But while there was not general contentment, there was no such political instability of peoples as to threaten war.

In South-Eastern Europe, on the other hand, the Balkan peninsula had long been a storehouse of explosives. Until 1912 the Christian peoples of this region were not yet wholly free from the rule of the Turk, and when in the first Balkan war they had beaten him, they fought bitterly among themselves. Why? Because there were no well established states, and no sharp boundaries between the different races. Bulgaria felt that her territory did not comprise all the Bulgarians; Serbia did not contain all the Serbs, and so on throughout the peninsula. Each state desired to extend into the land of its neighbors. The Balkans were in an unsettled condition of general discontent. Everybody felt that a general war might be started by the Balkans, and frequently conferences have been held in Europe to regulate matters there. But the results have always been temporary. They were hand-to-mouth settlements which settled nothing, and the Balkans remained a place where a fire might at any moment break out. I do not mean that

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this war was caused by the Balkans. We believe it was caused by the desire of Germany to extend her dominions, but if it had not been for the condition of the Balkans, if the nations there had been contented and stable, she would perhaps never have had that dream of Berlin to Bagdad.

What do we see today? The condition of things which existed in the Balkans has now extended to the Baltic on the north and the frontiers of Italy and Switzerland on the west. We have the same condition of instability extended over the greater part of Central Europe. Everything there is now in an explosive state.

Anyone familiar with the recent history of Austria has known that when the connecting link of the monarchy was withdrawn there would be dissensions among the races of the Empire. We talk of the Czecho-Slovaks but where do the Czecho-Slovaks live? Do Bohemia and Moravia belong to them, or something more, or something less? The fact is that Czechs and Germans are intermingled all over these regions, and the antipathy between them is intense. Some years ago a young German came to study chemistry at Harvard. He went to the Symphony orchestra and heard for the first time the music of a Czech composer. He was much pleased, for he could not hear it in Prague. He said it would not do for a German to go to the Czech opera house there. In Bohemia there are two nations in the bosom of a single state. There are districts which are mainly Czech, others that are mainly German, and still others that are very mixed so that no sharp line can be drawn; and this condition is true throughout most of the Austro-Hungarian territory.

Then there is the economic question. What was the occasion of this war? The occasion of the war was Serbian pigs—not the cause of the war but the occasion of the war. Before the first Balkan war Serbia had no outlet for her products, mainly pigs, except through Austria-Hungary. She could not use Turkey for export because of the lack of railroads and ports. The Balkan wars gave Macedonia to Serbia and Saloniki to Greece. Before that time if there was any racial agitation in Serbia to stir up feeling among the Serbs in southern Austria, the Serbian pigs became diseased and transportation was forbidden. But after the Serbians had a railroad to Saloniki, Serbian pigs ceased to be diseased, she cared less about Austria, and a Pan-Serb agitation began which had as part of its side-workings the murder of the Crown Prince, and the occasion for this war.

Each of the peoples of Central Europe must have access to the markets of the world and must not be shut out by other people around them. How can it be done? It is a very important problem, for if any nation has not an outlet it is a case of confining an explosive.

Look at these nations, the Czechs, the Slovaks, the Croats, the Serbs, the Magyars, etc. They are as different as the people in the Balkans, and are said to speak twenty-one languages. In fact there is in Europe at the present time a greater amount of unguarded explosives than ever before. But you may say that the great powers are no longer interested. Great

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powers always will be interested and must be interested. If a fire starts there it is almost inevitable that some great power should be drawn in.

What shall be done about it? Is it not an absolute necessity that the great powers in the world, associating with themselves as many of the smaller countries as they can, should regulate the condition of the peoples of Central Europe until they are in a state to live at peace among themselves and with the rest of the world? How can that be brought about except by a League of Nations strong enough to impose justice upon those people? You may say—"What is that to us? We are not contiguous to the center of Europe?" No, we were not contiguous to Germany, France or England, but we have learned in this war what our forebears learned a hundred years ago, that when a war takes place, involving great maritime nations, we are certain to be drawn into it. We were drawn in at the time of the wars with Napoleon, as in this war, because each of the belligerents tried to crush the other at sea, by restricting commerce, by interfering with neutral shipping. Our only safeguard is to take part in the League, and see that justice and progress are established throughout the world. We cannot say that our neighbor's house is of no consequence to us; that he may set it on fire if he pleases and we will sleep quietly through the conflagration.

I have given but one example of the need at the present time of a League of Nations of some kind. Let us pass to the objections raised against it. In the first place, the people ask of whom the League should consist. It seems to me that the facts today have settled that. I suppose that a pure idealist looking forward into the future, to a regenerate world in which every man should sit under his own vine and fig tree and pursue his own happiness in peace, would say that a League of Nations cannot be perfect until it includes all the world, until all mankind is organized in free nations, bound in a great league of humanity. To that we shall all agree, but one does not begin with perfection. One has to begin with the conditions that exist, and under those conditions I suppose no one would doubt today that the formation of a League must be in the hands of the successful nations in this great war with the expectation or hope that gradually or rapidly, as the circumstances make possible, other free nations which have proved their trustworthiness shall be admitted. The European powers are well agreed that they want a League of that kind and it is for us in the United States to say whether we are ready to join them. We are more remote and our conditions are less urgent. We are told that our fathers did not believe in such things. I do not suppose that our fathers believed in electric lights or motor cars, but that is hardly a reason for not using them. Our fathers were wise men because they looked the facts of their day in the face, and we are wise descendants if we look the facts of our day in the face.

We are told that the nations of the world would not keep their contract. Perhaps not. But it is interesting to observe what happened in this war. France had made a treaty with Rus-

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sia that if Russia were attacked she would join her, but when the ultimatum was sent by Germany to Russia, France had no desire to go to war. She knew the suffering that would come upon her. She realized that the result might be even worse than it has been, but she did not hesitate a moment because she is a free people and had made a contract. When Belgium was invaded, England did not want to go to war, but she had made a contract, she had bound herself to protect Belgium. She is a free people and she fulfilled her contract.

These nations agreed that they would not make peace singly. That contract was kept by every one of them except Russia, which was not a free people, and although Belgium was overrun to the last little corner, although Serbia was overrun to her last little corner, neither of them tried to make peace with the enemy which overran their territory. They stood firm and fought it through. I believe that free peoples will stand by their contracts. I believe if our people contract to stand by France or England or Italy or any other nation that is attacked contrary to the principles of the League, we shall do so, and I believe that our descendants will do the same.

But it is not primarily of war that I want to speak. Of course, you must have force in the background. Most of us do right not because there is a policeman, and because there are courts and jails; yet we know there are robbers and we hire policemen to protect us against them. There are nations also that will break the peace and who must be controlled. The real thing that keeps us law abiding citizens is the fact that we have a belief in the righteousness and propriety of so doing. The great mistake in all Utopias and also in the objections raised to proposals for political improvement is that people usually assume one of two things. They assume that all men are good or all men are bad; but if you assume that all men are good, any Utopia will work. If you assume all the world is bad, nothing will work. The world is composed of a few very good men and a few very bad men, and a large body of men who do on the whole what they are expected to do. They are creatures of their surroundings, creatures maintained by the fact that they live in an orderly community. If we were transported into a barbarous place today, where people are murdering each other, we should take revolvers. You cannot be an orderly citizen in a disorderly community. And that is exactly what the nations of the world are today. They are like people who depend for protection on carrying a pistol in their hip pockets, and that is a very disorderly condition to be in. If you establish an orderly government the man takes his pistol out of his pocket and his neighbors do the same. That is the situation which we want to create among nations, and we here must create the idea that it is our duty to coöperate. We must help to maintain an orderly government of the world; and that is not in the least inconsistent with progress. There can be no progress in a state of anarchy. We did not crystallize the *status quo* in this country by adopting a Constitution. On the contrary,

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without a strong orderly government we could never have reached the prosperity we have attained.

Another objection brought up is that a League of Nations will break down the Monroe Doctrine. Nobody has any intention of breaking down the Monroe Doctrine. That doctrine means that we will not allow autocratic governments here, but the League is wholly opposed to autocratic governments anywhere. It means also that foreign states are not to acquire any part of these continents; but it is the taking of territory by force that the League is designed to prevent; and as to acquiring it by treaty with some small state, as Japan was believed to be trying to do at Magdalena Bay, I presume that any American commission would see that this vital part of the Monroe Doctrine is agreed to at the formation of a League. Nor would our European co-belligerents have any objection to so doing. This is a mere bugbear which can be dismissed.

Then they say that a League will limit our sovereignty. Let us look at that objection. In the first place it does not diminish our sovereignty at all. Nobody proposes to take away the power or discretion of Congress in declaring war, or doing anything else. In a League the country agrees to do certain things and it is for the country through its constitutional authorities to carry them out or break the treaty if it chooses. It does not diminish our legal freedom of action because we can break the treaty, but it diminishes our moral freedom of action; and so does every treaty. The whole progress of the modern world is due to the fact that we have passed from status to contract; from a condition where rights and duties were prescribed by the status in which a man was born, to a condition where a man regulates his relations with other men by contract. What is a contract? It is something in which you limit your freedom of action by limiting someone else's freedom of action also.

It is the possibility of making contracts that renders progress possible. More treaties have been made in the last fifty years than in all previous history, because countries find that they are gainers by restricting their freedom of action in return for restricting the freedom of action of other nations. If you mae a contract to insure your house you bind yourself to pay so much a year for a period of years. Is the insurance worth it? If not you do not make the contract; and that is exactly what you are asked to consider now. Look at the war and ask how much insurance it would have been worth while for this nation, and each belligerent nation, to have paid to avoid it. Earl Grey is reported to have said that if there had been a League of Nations Germany would never have ventured to go to war. Would such a contract, probably never to be called into execution, have been worth the price of this war? I think there is only one answer to the question.

What is there for us to do about it? Simply this: To speak so loud, all of us, that the men whom we have elected to legislate for us may hear and do that which public opinion de-

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mands. This is a free republic, governed by public opinion, and public opinion depends upon the initiative of individuals. It becomes effective when the people express themselves.

The general outline of a League of Nations it is hardly necessary to discuss here. There must be an international court which would be an impartial tribunal. There must be some body, as impartial as may be, to conciliate and mediate in matters outside the domain of strict law. There must be an administrative body to take charge of affairs like the one I have mentioned; and there must be a deliberative body to bring about a more progressive and less inhuman administration of international law than the world has ever known. It is not for us to attempt to draft a treaty. That will be done around a peace table and will be done, we hope, not with a view to the selfish interests of any people, but in the interest of the whole world, and with the feeling that the men assembled there are guardians of the interests of all mankind. But when that treaty comes back, it is for us to see that our nation does not stand aloof in this crisis of the world, but stands up and takes her part as every good citizen takes his part in the government of his own country.

Charles W. Eliot

President Emeritus of Harvard University

Mr. President and Members of the Club:

I feel more confident after having listened to these addresses, that we are going to have a League of Peace than I have ever felt before; and an interview—not an interview in the technical sense—but some remarks I heard made by one of the leading advocates during the past four years of a League to Prevent War, have relieved my mind very much about the probable nature of the League of Peace. I have no confidence whatever in any League of Peace which includes all nations; none whatever.

Now, this distinguished advocate of a League of All Nations, when I asked him whether he thought it would be necessary to put all the Central and South American states into this League, said simply, "Well, I don't think that will be necessary. I think we might get along with the A.B.C." That would be a very valuable simplification of the League, to my thinking. I then asked him. "How about these inchoate states in Europe which have just presented themselves as nations, although they have no settled government? How would they be treated in your universal League?" He replied, very naturally, that he thought those nations might wait awhile before they came into the League. There are two concessions of enormous value by an ardent advocate of a league of all nations.

The real question is, what nations are going to form the League to Enforce Peace or to Prevent War.

My belief has always been that republics cannot be suddenly created. Our own republic has taken three hun-

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dred years to grow; and I see no form of liberal government, republic or constitutional monarchy in the world, that has not required generations to reach a position of strength, stability, and effective action in support of public liberty. I believe just that thing exactly about the proposed League of Peace,—that it must grow, and grow pretty slowly. But a beginning should be made now, and the first League should be composed of nations which have had practice in coöperation, cooperation in the work of war and cooperation in the greater works of peace. How many nations are there of that sort?

I should count in Belgium, partly for sentimental reasons I daresay; and then Great Britain, the United States, France, Italy, and Japan. Those, and those only, at present. Those nations have really had practice in cooperation in support of great interests common to themselves—and to the rest of the world—in the direction of freedom, freedom for each nation to live its own life with the protection of the rest, and freedom of trade with commercial inter-relations of the most friendly and mutually beneficial character.

That is just what the nations mentioned have been doing. We came late into the war; but we are in very solidly now. The six have been cooperating for successful, victorious fighting; and they have also been cooperating in regard to the distribution and use of food, fuel, raw materials, and shipping. Both those kinds of cooperation must be maintained by any League of Nations which is to be effective. And I cannot but think that the question of having had practice in these things is of supreme moment.

I can state also three objects which this League of Nations should keep in view. The first is to have force enough on land and sea to make another outbreak of autocratic or democratic Germany, no matter what allies she may collect, absolutely impossible, —the force to be always ready and manifestly overwhelming.

The second object should be to prevent for the future economic war, in addition to preventing military and naval warfare. We cannot get on toward making democracies safe, strong, and righteous, unless the democracies agree that we are not going to have economic war in the world, so far at least as the nations banded together in support of freedom go.

The third object of this League must be to effect a great reduction of armaments. That is indispensable to the future of the world; because the world as a whole cannot bear the burden of competitive armaments. As has already been said tonight, that burden will be enormously increased by the progress of applied science, sure to invent and to spread the use of more and more instruments of destruction, not only for killing men but also for destroying property. Sometimes I feel regret—absurdly, to be sure—that the war has come to an end so soon, for two reasons: One is that we have not had time enough to work out a sure method of defeating submarines. We have made some progress; but we have not yet got a sure method of dealing with submarines. Therefore, in the coming peace times the nations which propose to

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control the world will have to pursue the development of submarines and discover the means of defeating them. We have not yet found a sure means of defeating airplanes, either in single combat or in squadrons or masses, in dropping bombs or in reconnoitering. The military problem has not been worked out from the military point of view. Studies on these two subjects will continue to be made. All the more, it must be a principal object of the League of Nations to prevent the necessity of maintaining in all the nations of Europe and America competitive armaments.

There is only one way to do that, namely; to get an effectual international agreement which has force behind it, and then to require that no nation shall maintain any army but one of the Swiss sort. The Swiss maintain a competent army, fed by an annual levy of the young men just come twenty years of age; and they require only about seven months of field training spread through eight years out of twelve to prepare each levy for service. They are enabled to do this, to be sure, because Switzerland requires that every school child, male or female, shall go through a twelve year course of physical training, prescribed and enforced by the national government. That is something this war and our experience in it should give us—the thorough physical training of every child and youth in the country.

How will the enforcement of that requirement on all the nations lead to the abolition of competitive armaments? It leads thither because it would cause the general adoption of the Swiss conception of military organization. It creates an effective army to be sure, but no military class; and it teaches every young man in the country that military training and military service are beavy burdens, to be borne only for the sake of the country's defense, and for the protection of the world against fighting.

Such are the immediate objects of the League of Nations. I have described the only kind of League of Nations which it would be prudent for the world to set up now. A preliminary League, like that I have mentioned, would provide all the international organization to which President Lowell has just referred; it would be comparatively inexpensive; and it would take in other nations as fast as they applied for admission with evidence that they were fit to belong to a League to prevent War and to promote the peaceful movements and progress of the world. [Applause.]

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PRELIMINARY REPORT

ON

Efficiency in the Administration of Justice

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CONTENTS

INTRODUCTION—Intrinsic difficulties involved in the administration of justice.

I CAUSES OF UNSATISFACTORY LAW-MAKING BY THE COURTS

A GENERAL CAUSES
- i New problems of industrial and urban communities.
- ii Shifting of ideas as to the nature of justice and end of the law.
- iii The great increase of litigation involved in expansion of commerce and industry and growth of population.

B LOCAL CAUSES
- i Tenure, mode of choice and personnel of the bench.
- ii Education and organization of the bar.
- iii Bad legislative technique.

II CAUSES OF INEFFICIENCY IN THE DISPOSITION OF LITIGATED CAUSES

A CAUSES OF GENERAL OPERATION.
- i Defective organization of courts.
- ii Want of proper organization of the administrative and clerical side of tribunals.
- iii Procedure.
  - a Too much legislation as to details of procedure.
  - b Treatment of rules of practice as giving procedural rights to parties which they may vindicate although their substantive rights are not affected.
  - c Record-worship.
  - d Preservation of sharp formal issues.
  - e Throwing of causes out of court when a transfer or change of procedural form would save proceedings already had.
  - f Piecemeal disposition of controversies.
  - g Too many trials and retrials.
  - h Too little power of guidance of the jury by the court.
  - i Too much use of the jury as a tribunal for ordinary civil causes.
  - j Too much appellate procedure.
- iv Concurrent jurisdiction of state and federal courts.
- v The tendency to local particularism.

B CAUSES OF LOCAL OPERATION.
- i Special problems in metropolitan cities.
- ii Want of adequate provision for disposition of petty causes.
- iii Survival of legal institutions and procedural methods intended to obstruct collection of debts in pioneer communities.

III CAUSES OF INEFFICIENCY IN ENFORCEMENT OF LAW.

A GENERAL CAUSES.
- i Want of proper coördination between law and administration.
- ii Breakdown of the common law polity of individual initiative.
- iii Increased burden upon law in modern society.
- iv Divergence of class interests.
- v Failure of popular interest in justice.

B LOCAL CAUSES.
- i Diversity of interests in different parts of the same state.
- ii Contact of criminal law and its enforcement with politics.

REMEDIES
1. Proper training of the legal profession.
2. Selection of judges.
3. Unification of the judicial system.
4. Giving the courts power to make rules of procedure and greater power in procedure generally.
5. Improvement of legislative law-making.
6. Thorough study of the new problems of industrial and urban societies.

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RUSSIA

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MOISSAYE J. OLGIN
Author of "The Soul of the Russian Revolution"
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RUSSIA

Discussed by

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ON

RUSSIA

Opening Remarks by

William H. Lincoln

(President of the Club)

Fellow members of the Economic Club, a most momentous, perplexing and intricate problem is Russia. A vast empire stretching from the Baltic Sea across the Continent of Europe, to the Behring Sea and the Pacific coast, from the White Sea of the north to the Caspian sea on the south, comprising nineteen different nationalities, speaking different languages, with a population of over one hundred and eighty million of people; this great empire until recently under a most absolute despotic, autocratic government, ruled by a Czar who believed and was taught to believe that he was a God-appointed ruler of the Russian people, supported by a secret police and by an army of Cossacks, pampered and highly paid for their support.

All uprisings in the past, as you will remember, were quelled, the leaders executed, and the followers imprisoned or sent as exiles to Siberia. The only resort that these oppressed people had was the bullet, and the bomb, of the assassin, and there are instances of heroism, of martyrs to liberty, both men and women. At the beginning of this war Russia was one of the chief supports of the Allies. Her army was the only army that invaded German territory. The invasion of East Prussia compelled Germany to send additional troops to Russia, thereby saving the situation for France and England. Otherwise they would have been overwhelmed at that time.

Again, in 1916, by the capture of the important fortress in Galicia, they saved Italy from invasion by the Austrians. Such is the record of Russia in this war, and we should not forget what a debt of gratitude both the Allies and the United States owe to Russia. [Applause.]

It is a remarkable fact, one that I well remember at the time, that the most autocratic nation should manifest such a sympathy and such a friendship for the United States. That was in our Civil War. Russia absolutely refused to recognize the Southern Confederacy and her fleet in New York had considerable influence at that time. This was appreciated by the administration of President Lincoln, and Secretary Seward purchased Alaska from Russia for eight million dollars. It was considered at that time in the nature of a gift, for Alaska possessed no value and it was

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considered, so far as the purchase itself was concerned, a very unwise act.

The revolution was swift in its movement, and now Russia appears to be in a chaotic condition. The revolution is not political alone. It is an industrial revolution, and a revolution against society, against the government, and the aristocracy that had existed. We shall hear tonight divergent views on this important subject. In fact we know very little about the conditions now existing in Russia.

There is one thing I think we will all be united upon, and that is that German influence and German intrigue must not prevail in Russia. [Applause.] It has been a declared purpose of the German statesmen to recoup themselves in Russia for their losses in the West. Again, it is of great importance that Russia should in the future become a united nation, rather than be divided into a number of nationalities. And now it gives me great pleasure to present to you the first speaker of the evening, Dr. Olgin, the author of the "Soul of the Russian Revolution." From the year 1900 to 1904 he was active in the revolutions that existed. For the past four years he has lived in this country, and I know you will be glad to hear from so eminent a scholar, and one who has had such an experience and is so well acquainted with the conditions in Russia. I present to you Doctor Olgin. [Applause.]

Moissaye J. Olgin

Author of "The Soul of The Russian Revolution"

Mr. Chairman and Gentlemen: In reviewing the Russian revolution, one thing has to be kept in mind. There has been one clear line of demarcation throughout Russian history in the past fifty-sixty years, and that is the line between the thinking elements, the educated classes on one hand, and the mass of people, the Chorny-Narod, the black people, on the other hand. The educated classes, the so-called Intelligentsia, had ideas, conceptions, and theories. They formed groups, they organized parties, they framed platforms and political associations. Their purpose was to go to the people, to educate the people, to arouse political life in the huge mass of the Chorny-Narod, to make them understand the political situation and to induce them to free themselves from despotism.

The history of the efforts to arouse Russia to fight for freedom began with 1825 when the first revolution, a military upheaval, planned by a regiment of guards in St. Petersburg, took place, and from that time down to 1917 it was the endeavor of the Intelligentsia to go and mix with the people, to wake them from their political slumber, to make them feel their strength so that they might rise and take their fate into their own hands.

In 1872, 1873 and 1874, forty-five or forty-six years ago, young men and women, beautiful men and women of the higher class, went to the villages, disguised themselves as peasants, ar-

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tisans, and teachers, and tried to tell the people the story of their misery and oppression, tell them the story of autocracy that does not allow them to rise to a higher level of living. They were swept away by the strong hand of the government.

From 1876 to 1881 those Intellectuals formed revolutionary groups and began to throw bombs against the most hated members of the administration because that was the only way they could fight single-handed. In 1881 they assassinated the Czar, Alexander II. They thought it was a victory, but it was none. Soon the iron hand of Alexander III swept away all these groups, killed a number of them and the rest were exiled into Siberia. Then silence ensued. All this time the educated classes, the thinking elements, were planning, groping for a solution of the tremendous problem that was called the liberation of Russia. They knew very well that without the activity of the large masses of the people, they would never succeed in overthrowing autocracy. Yet the plain people of the great empire remained almost silent. No sign of life was visible in the vast sea of the Chorny-Narod. The line of demarcation between the Intellectuals and the masses remained distinct. In 1896, the first mass movements began, and those were labor strikes. In 1896, thirty thousand working men in Petrograd went on strike in the textile industries. That was the first sign of activity on the part of the population of a large city distinct from that of the Intellectual groups. It was soon quelled, but other little movements followed here and there; little outbursts, little centers of conflagration among the masses. And still the mass as a whole, the huge bulk of the Russian nation, remained silent.

Finally, in 1905, after a series of humiliating defeats of the Russian arms on the fields of Manchuria in 1904 and 1905, a revolution started. The sleeping giant of the Russian nation began to move. Peasants burned the landlord's estates, working men went on strike, one political convulsion followed another in rapid succession. It seemed as if the Russian nation was ready to wake up and stand on its own feet. But it only seemed so. At that time the Russian nation was not ripe yet for a political revolution. The army remained faithful to the Czar. The revolution was drowned in floods of blood.

A reign of terror ensued. Autocracy was supreme as before. It granted a sham parliament known as the Imperial Duma, but that Duma had no power to control the acts of the administration. As before, everything was done by an order from on high. The entire machinery of Russian bureaucracy, an elaborate machinery which could reach every individual in the country and which could choke the beginning of life in its bud, remained intact after the revolution of 1905 as before that revolution.

Then came the war of 1914. It was the great test, both for the strength of the Russian economic fabric and for the strength of autocracy. Autocracy was not able to conduct the war. Here in America we have gone through a year and a half of war and we understand the prime necessity of securing the coöperation of the entire nation

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back of the army. As a matter of fact, you men of affairs know it better than I do how imperative it was to connect the army and every man in the trenches with every one here in the country. Only in this way could the army be a fighting force. Russian autocracy did not allow the country to help the army. The industrial leaders and business men of Russia organized a War Industries Board to facilitate the production of ammunition, to speed up transportation and to help the government in supplying the army with materials. The government looked askance at the activity of this patriotic organization. The government looked askance at every organization that sprang up in the country because every kind of organized activity on the part of the people was considered seditious and it actually was dangerous to bureaucracy. The Zemstvos, local representative bodies, organized an All-Russian Union to help the government in the food supply. They were looked upon by the administration as so many meddlers in the affairs of the Tchinovnicks. The result was tremendous inefficiency, lack of responsibility, lack of foresight. The army was ill equipped, scarcely supplied with ammunition. In spite of the bravery of the Russian soldier, in spite of the marvelous tenacity of the Russian army, one defeat followed another. These defeats, ascribed by the people to criminal negligence and even direct treasonable actions on the part of bureaucracy; coupled with starvation of the masses which ought not to have taken place in a rich agricultural country like Russia and which was due entirely to the mismanagement of the Tchinovnicks; coupled with the ancient hatred towards bureaucracy which did not stop its loathsome activities even in times of the gravest national crises,—all this led up to the Russian revolution of March, 1917.

One thing ought to be clearly remembered about that revolution, namely, that *the revolution was not organized by any faction or any group or any political party*. In 1917, when the revolution took place, there was a number of nominal political parties in Russia: the Constitutional Democrats, a liberal organization of professionals, writers, lawyers, journalists, men connected with the land holding nobility on one side and with big business on the other; the Trudoviki (Laborites), a more radical group, mainly concerned with the agrarian problem, and having as its leader Alexander Kerensky; the Socialist-Revolutionary Party, which had tried to establish revolutionary centres among the peasantry and which demanded nationalization of the land without compensation to the landlords; the Social-Democratic Labor Party, which had tried to establish connections with the industrial working men and which was divided in two fractions, the Mensheviki and Bolsheviki, of whom I shall speak later. All these "parties" were mainly composed of intellectuals trying to *influence* the people. As a matter of fact, had you observed a meeting of Social-Revolutionists or of Mensheviki or Bolsheviki prior to the revolution, you would have hardly found a difference between the social composition of its membership. Most of them were intellectuals, journalists, writers, teachers, doctors, and so on. One party had

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one programme and another party had another; one claimed to speak for the cultured and well-to-do people, the other claimed to assume the standpoint of the peasantry; still another claimed to have the standpoint of the proletariat, to strive for the advancement of the interest of labor. None of them, however, had a large constituency of the classes that they claimed to represent.

Now, who made the Russian revolution in 1917? It was not made by the Bolsheviki; it was not made by the Mensheviki or Trudoviki; it was not made by the Social-Revolutionists; it was not made by the Constitutional Democrats; it was not made by the Imperial Duma. *It was made by that giant, that huge sphinx of the plain Russian people whom we were trying to arouse for more than fifty years.*

At last, that mysterious being, the man of the masses, awoke. He made a clean job. He acted in a thorough manner. In one day the elaborate machinery of the old administration went to smash, was thrown out into the scrap heap and nothing remained of it. It is one of the most remarkable features of the revolution that the entire structure of the government which began with the Czar and extended down to the Uryadnik, the local policeman of a little hamlet, went to pieces in one day. The country practically remained without a government to speak for it, without authority. Those people who came up in Petrograd, who called themselves the government of Milyoukoff, or Lvov, or Kerensky, were only representatives of the intellectual groups, expressing the sentiments and trying to put into practice the programs of those groups.

But now, the large masses began to live, they began to act in their own way, and here is where the tragedy, the great drama of 1917 and 1918, perhaps the world drama, begins. We have on one side the Intellectuals, on the other side the mass of people, each following his own course. Here is the clue to what was happening in Russia beginning from July, 1917. We Intellectuals, thinking people of all progressive party affiliations, took the broad national view. We saw Russia, not with the eyes of one class, not as representing the interests of one faction, we saw Russia as a whole, Russia—revolutionary Russia, liberated Russia, was supreme in our opinion. Great Russia had to remain great Russia. Russia had to be powerful, prosperous, a great unity, strong to fight against the invading enemy, and strong in the councils of nations.

What did we say to the masses of the people? Our programme was a *political revolution,* a change in the mode of administration. We wanted to have a government representing the entire population, *without touching upon the fundamentals of the economic structure of Russia.* It was our idea that Russia could not have a force adequate to go through the strain of the war and revolution and at the same time to deal with an economic and industrial transformation. Different factions and organizations differed as to details of programme and the outlook for the future of Russia, but we were all united in one desire, that all activities of the nation should go on as before the war: industries should be

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running; the war should be continued. The nation, of course, had to be democratized, all kinds of radical social reforms had to be introduced; but at the same time the social structure of the nation had to remain intact. There was the greatest problem of all those stupendous problems—land. The peasant was hungry; he could not live on the little patches of land in his possession, and he had a great hunger for land. It would be fascinating to go into the details of the agrarian problems, but my time is limited. Suffice it to say that ever since the abolition of serfdom in 1861 when part of the possessions of the peasants were given over to the landlords as compensation for the free labor they had lost, the peasants had one great hope and one great dream—that some day all the land would belong to them. The peasants had one great faith and one luminous belief that the land was "God's and the people's." We, Intellectuals, were always discussing the question whether the peasant was an inborn Socialist or not, whether he would possess the land on the basis of communal ownership, or whether he was an individualist who wanted to own it on a private property basis. One thing was certain: the peasants wanted land. The revolution came. The Czar and the rulers and the government authorities were gone, and there was nobody but the authorities that sprang up immediately from the midst of the plain people in every little village and in every town, trying to introduce some kind of law and maintain some kind of order according to the conception of the masses. We all, practically every faction in Russia, knew that the land had to be taken away from the large land owners who were mainly absentee landlords and managed their estates badly; we knew that the land had to be distributed on a scientific basis among the peasants to improve Russian agriculture. That was the paramount issue of the revolution. But the intellectuals wanted the peasants to wait. We wanted the Constituent Assembly to convene. We wanted the Constituent Assembly to pass the fundamental law of the land. We wanted an efficient and very elaborate Land Settlement Committee to be set up, with branches all over the country. The Committee had to make all the necessary adjustments, to move the peasants from congested areas into such regions where there was greater abundance of land, to introduce ameliorations, to give cheap credit to those who needed it, to introduce better agricultural machinery, and in short, to improve on a scientific basis the entire Russian agriculture.

That was our idea, the idea of the Intellectuals, but unfortunately it was not the idea of the peasants. And here is where the line of demarcation showed itself perfectly clear. On one side the Intellectuals, on the other the "people," *i.e.*, the peasants. The latter did not follow our lines of scientific thinking. All through the summer of 1917, one government after another was issuing appeals to the peasants, asking them to refrain from taking over the land, to be patient, to wait, to commit no violence. The appeals were not heeded. The landlords were being driven from their estates. The

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land was being divided in a haphazard way. Nothing could stem the current of popular passions.

You cannot imagine that a revolution involving over one hundred and fifty million people should go on in a peaceful way. It would be contrary to human nature. There was quite a good deal of violence in the course of settling the land question. Yet the masses of the peasants thought they were only insisting on their rights. In most cases they were proceeding in an orderly fashion. The organizations instrumental in taking over the land were *the local Councils, Soviets,* representing the population of every village and every district. The Soviets were the real authorities among the peasants. Their orders were followed much more willingly than those of the Petrograd governments. The great sphinx refused to be led by the Intelligentsia-logic.

Another act of the great drama was the attitude of the workingmen in the cities. The Social Democrats had gained influence over the industrial workingmen. They had been conducting among them a vigorous revolutionary propaganda, but their aim was a political revolution. The Social-Democrats thought that Russia had first to go through a high stage of industrial development. In their opinion Russia was not yet ready to have public management of industries. As Socialist, they believed in ultimate socialization of all economic activities, but to them it was a thing of the distant future. For the present, they knew that Russia was not yet even a well advanced capitalist country. Russian productive forces were still on a low level, Russia lacked organizing ability, and that high skill which goes together with high development of productive forces. Nobody thought, prior to the revolution of 1917, that Russia could jump immediately from absolutism to Socialism. In fact, none of the Intellectual groups had ever preached it. When the March revolution at last took place, the Intellectuals of every political denomination. with the exception of the Bolsheviki, urged the workingmen to continue working, to leave the machinery of industry intact—with, of course, such improvements as the eight hour workday, social insurance, old age pensions, and other social reforms. That was the idea of the Intelligentsia, but here again we have the clear line of demarcation between the Intelligentsia and the plain people. The workingmen in the cities did not want to follow us. That, again, is one of the great tragedies of the Russian revolution, and that is what made the Russian revolution appear so unintelligible to the rest of the world.

There were no leaders in 1917. The industrial workingmen, as well as the peasants, were their own leaders, and they proceeded along ways which were not scientific. Russia could not afford at that time to have her industries pass under control of the workingmen, and that is the reason that many men active in the revolution were opposed and still are opposed to the course taken by the Russian revolution. But I recognize very well that it was not the programme of the Bolsheviki which lead to it. It was the desire of those masses that for the first time in many years arose to take their affairs

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into their own hands. A process had been begun which no one could stop.

Three or four days before the forced abdication of Nicholas II, there were Councils of Workingmen in Petrograd, in Moscow, in Odessa and other cities. Those Councils were by no means dictated by the Intelligentsia. They were spontaneous outbursts of the energy of those masses of workingmen concentrated in the large cities. When the workingmen formed them in the course of the revolution, they had no definite plans or programme. They were just organized groups representing the working people. Only later, after they had been organized, they allowed us, the Intelligentsia, to come and talk to them. The Social-Revolutionists came and preached their theory. The Mensheviki and the Trudoviki came and explained their points of view, and tried to induce the Soviets to follow the lines of Intelligentsia reasoning. It seemed for a while that those groups were gaining the upper hand in the Soviets. Soon, however, one slogan became supreme, and that was "All the power to the Soviets." That is the thing which appealed to the minds of the simple people. They said, "Here we all are; who will interfere with us? The soldiers? They are workingmen and peasants and revolutionists just as we are. Consequently, no soldier will fire on us." They said, "The workingmen are the supreme power in the city. Here are a few cultured men, here are a few men of wealth, here are a few aristocrats, here are a few officials, who say they are all friends of the people, but they urge us to have a government, not from our midst, and to leave exploitation as it was. No, we don't want it; we want all the power to the Soviets. We want the Soviets to gain control over all factories and plants." Nobody had taught the masses this slogan. It sprang from their very midst. In fact, this was injurious to themselves. Those people needed us Intellectuals, they needed the brains, the intelligence, the experience and the fitness for national work that marked the thinking groups. Yet they wanted to have their affairs in their own hands.

And here is the third act of this world drama, the Russian army. Here, as elsewhere, we see that clear line of demarcation: on one side the Intelligentsia, on the other side the bulk of the plain people, uneducated, crude, but good-hearted, idealistic, with an inclination to the relious conception of the world. The Intelligentsia included the officers and the generals,—those in command. Anyone who has lived in Russia and observed the relationship between the commanding officers and soldiers, knew that once the soldiers realized that they were the power, they would not tolerate the hated officers. I can tell you this out of my own experience. I have served in the Russian army for a year, in my youth, not because I was apt for military service; being nearsighted and having received a college education, I was not supposed to serve as a private. But I was in disagreement with the Russian government. Therefore, they sent me with three hundred other students from the same school for a year to the army, for correction. The army was a place for correction in the opinion of the old administration. Well, I had oc-

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casion to experience how the officers acted toward their soldiers. It would be a very interesting story to tell how the Russian bureaucracy treated the army and how the army felt towards the officers, and how it has shown great courage and merit in service in spite of miserable conditions. We were instructed by our sergeant and it was written in the text-book that if anybody had done a wrong to you, we were permitted to complain. If your captain did something wrong to you, you would report to your next superior, the sergeant, the sergeant reported to the second lieutenant, the second lieutenant to the first lieutenant, the first lieutenant to the captain, and the captain would report it further up if he deigned to do so, and that was the law as written in the text-book. But then the sergeant used to add, with a rather menacing sneer, "If you boys, any one of you, ever dare to complain, I will crush your jaw." That was the law. And everyone could do it, and no one could complain. The soldier hated every superior. Every superior was a god and at the same time something to be dreaded. And when that revolution came and the soldiers saw that the greatest of gods, the Czar himself, was gone, and the Minister of War was gone, and the highest military staff was gone, there was no authority on earth that could keep the soldiers from deposing their officers. This made an end to discipline. It was very bad for the Russian nation, because we needed the Russian army as a fighting unit against the Germans, and the Intellectuals urged the army to go on fighting. But there was, again, that line of demarcation between the Intelligentsia on one hand and the Russian masses on the other. More than that, the army had become demoralized before the revolution, the army had suffered defeat, there was not enough ammunition, the army was ill kept and ill fed, and utterly uncomfortable in the trenches, and it hardly could have resisted the Germans under any command. Add the belief of the soldiers that, once they made the revolution, the Germans would not fight against them. All this increased the disorganization and disruption of the Russian army, a shameful thing that caused so much pain to every Russian patriot who had the fate of entire Russia, free revolutionary Russia, at heart. Nobody could stop it, and it proceeded on its course of deterioration. The Russian soldier had no grasp of the international situation. He did not even understand what the fighting was for, and did not know that England, France and the United States and Italy were fighting against the most atrocious autocracy in the world. After the abdication of the Czar the soldiers said, "We are not going to hurt our neighbors and why should our neighbors come and hurt us?" On the other hand, the soldier wanted to go home and take part in the land that was divided among the peasants, and that lure of the land was very strong.

Here we have in brief outline the three great acts of the drama called the Russian revolution: the peasants following unscientfic lines in the settlement of the land question, the workingmen following unscientific and unreasonable lines in the settlement of grievances with their employers; and in the third place, the army, following un-

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patriotic lines and breaking up, unable to fight. And that was the secret of the success of the Bolsheviki propaganda. The Bolsheviki had been one faction among many other factions, and not the most significant one. They had not many intellectuals, they were not more far-sighted, not more clever than the others, but they had one ability,—*to say the things which the masses wanted to listen to.* That was the secret, a plain though very important secret, which made them masters of the situation. They would give to the Soviets all power, they would have no coalition government; they would say to the masses: "You alone can introduce harmony and good judgment and freedom and equality, and everything else under the sun,"—and the masses listened to them. They came to the army and said, "You stop fighting, lay down your arms, and the rest of the world will lay down their arms, and we shall be one brotherhood of nations." The army followed them. The Bolsheviki adapted themselves to the moods and passions and desires and unscientific strivings of the Chorny-Narod, the black mass of the people. That was their secret and that was their success.

When the November revolution was ripe, they simply came over to Kerensky and said, "You represent nobody, whereas we have all the active masses behind us." And it was true. And this explains their hold over Russia up till now. My successors on this platform will give you a picture of the present situation. There are men among them who recently returned from Russia. They will narrate you their experiences among the Russian masses, but I think all this has to be thrown against the background of that line of cleavage between the scientific methods, and the national ideas, between the rational thinking and rational plans for reconstruction on the one hand, and blind groping and passionate desires of the uncultured, although very honest and idealistically inclined masses of working people on the other. [Applause.]

PRESIDENT LINCOLN. I read not long ago in a description of the progress of the Russian revolution, how the people were illiterate, and it said that Russia's educated men were most eloquent orators, that they were fervid, and impulsive and eloquent in their addresses to the people. I think we have had a fine illustration of this in the address delivered by Doctor Olgin. [Applause.]

He certainly has given us a most interesting and clear history of the progress of the revolution, and the conditions as they exist at the present time.

As I stated at the outset there are different views among those who have investigated in Russia, who have been there, who have come into contact with the leaders of the revolution, and also with the plain people. And there are different views here in this country on the same subject.

I have now the privilege of presenting to you Mr. Albert Rhys Williams, author of "Under the German Eagle." He has recently returned from Russia and will present to you his views upon this most important and interesting subject. [Applause.]

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Albert Rhys Williams

Author of "Under the German Eagle"

I understand that the chairman here tonight belongs to the same family as Abraham Lincoln. He will be interested to hear about a night I spent with a workman in his home near Nijni Novgorod. With true Russian hospitality the family slept on the floor and made me take the bed. I noticed three decorations that hung upon the wall. The first was a rifle. My host explained that twelve million Russian soldiers brought their guns home with them from the front and had them ready for anyone who tried to take away their land and rights. There was an ikon of St. Nicholas the Wonder Worker with a little flame burning before it all the night. He apologetically explained this as a weakness of his wife who thought the Saint would look after him during these revolutionary days. "And," he added, "you never can tell what a Saint will do." The third thing which hung on the wall in this humble little home was a great picture—and it was the picture of the great American liberator, Abraham Lincoln. [Applause.]

Perhaps the applause may be a little premature on the part of the Economic Club for on the lapel of the coat worn by our compatriot and the relative of our chairman there was a great red button and on that red button was written the word "Bolshevik."

[Laughter.]

Please do not accuse me of stating that Lincoln was a Bolshevik. I am simply saying that this Russian workingman believed Lincoln was a Bolshevik. Understand the significance of this. Here was a man of the "dark folk" who had heard about someone in far away America whose every heartbeat was for humanity and blazed against the cruel wrongs of the world —the great liberator who struck the shackles from the limbs of the slaves, and he instinctively assumed that such a man must be a Bolshevik.

So it came about that when the millions of miners and railroad men and sailors and soldiers and the vast majority of the residents of the big centers like Moscow, Petrograd, Kief and Kharoff and the peasants scattered by tens of millions over the plains of Russia when they wish to give a complimentary name to a person they say Bolshevik, while the vast majority of Americans when they want to give the most uncomplimentary title to a man say Bolshevik. From this we can see how wide is the gulf of misunderstanding which today yawns between Russia and America. It is a lamentable fact. As Charles Edward Russell says, "To the last syllable of recorded time mankind is likely to have cause to lament than in the years 1917 and 1918 the people of Russia and America did not understand each other."

One of these misunderstandings is as to how the Bolshevikis came in power, how they kept the confidence of the Russian people and how they were an organizing constructive factor instead of merely organizing destructive factors.

Mr. Olgin has shown how in the summer of 1917 the peasants of their own will took over the land, in some places even burning the estates. The

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workmen likewise turned to the factories and where they were not in control were constantly making demands for higher and higher wages. Ever increasing numbers of soldiers disgusted with conditions were throwing down their guns and leaving the trenches. A Y. M.C.A. man told me that cold, hunger and lack of supplies disintegrated the army in section where they had never heard of the Bolsheviks.

However unfortunate on the one hand that such were the conditions of affairs in Russia, on the other hand it is fortunate that there was a group in Russia with sufficient insight to diagnose properly the situation, and this was the Bolsheviki Party.

When it became apparent that there was no fight left in the old Russian army recruited under the Czar, the Bolsheviks said. "If with our army we cannot make a military defensive we will use the Russian Revolution for the only thing that it is good for, a propaganda offensive. If we can not bring down German Imperialism by bullets we will try to blow it up with the explosive force of the revolutionary idea."

The Bolsheviks saw that for an ultra-radical movement on the part of the people only an ultra-radical program would suffice. By their ultra-radical program they gave a definite goal and directed the spontaneous elemental movement towards this goal, and the verdict of history will probably be that the Bolsheviks saved Russia from plunging on into chaos and anarchy.

Through the barrier of lies and slander which has been raised around the revolution, the truth is breaking through. We begin to see not only the crass and crude things, the furies and sounds which lie upon the fringes of the revolution, but the revolution itself.

We shall see one hundred and fifty million people breaking their chains and emerging from the night of feudalism, acting toward their tyrants and oppressors without vengeance, patiently awaiting their leaders to give them the desires of their hearts—land, peace and factories. We shall see the people growing ever more clear in their purposes and conscious of their power, until with a giant's strength they reach out and take the state within their hands. In no place in all the vast stretches of Russian land was there any force which could overthrow the Soviets until foreign armies came.

There is no more remarkable phenomenon in all history than the fact that in a time not as long as Mr. Olgin seemed to imply, but in a week after the Revolution, one sixth of the earth's surface in every city and village brought forth this new governmental apparatus; that it should manifest its worth, strike its roots deeper and deeper, crowd out all rivals, resist the shock of every attack, and after fifteen months hold undisputed sway from the Arctic on the north to the Ukraine on the south, from Narva upon the Finnish Gulf to Vladivostok on the Yellow sea.

It was in a world of Soviets that on the Trans-Siberian Express we moved across the great, slow, northern flowing rivers, the Urals, the Taiga forests, the steppes. The trainmen spoke of their Soviet; the peasants of

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theirs; the miners at Anjarnaya had greeted us with great red banners in the name of theirs. We had conferred with the Soviet of Central Siberia and the Far East Soviet. It seemed as if the whole world was taken up with this new organ, and as we stepped from the train at Vladivostock we were to find the Soviet there an exact replica of the one we had left at Petrograd, seven thousand miles away at the other end of the line.

It was through the Soviets that the native mind, constructive genius and creative energy of the pleople displayed itself. Certainly a nation like America which is perplexed by the problem of demobilizing four million soldiers ought to have some conception of what is involved in the Soviet demobilization of twelve millions. And along side of this demoralized army of the Czar demobilizing and clogging up the ways, the Soviet threw itself into the task of building up the new Red Army which now with the slogans on its banners proclaiming, "Long Live the Soviets! Death to its destroyers!" "Hail to the Brotherhood of the Workers of the World!" It gives a good account of itself upon four different battlefronts.

In the second place we see the Soviet at work upon the reorganization of economic life and industry. In these decrees we have the blueprints of the reconstruction of the new economic life upon a coöperative basis. It is one thing to write magnificent plans out upon paper; it is quite another matter to translate them into actual life. The great capitals were full of strife and confusion but in the provinces one could see workmen's control slough off its fantastic and impossibilist features and gradually attain a discipline, and even an increase of output. Under Soviet control in Siberia the grain crops were actually larger than they have been for some years previous.

Often it happened that just as a shop was emerging from chaos into order that the peasant was obliged to leave his plough, and the artisan to drop his tool and go out to the defense of the republic. As the Quaker Tatlock says: "It is interesting to contemplate the results if the marvelous organizing ability of the Bolsheviks was directed solely to the task of reconstruction."

When we come to the cultural realm we find the Slavic soul giving rein to its pent up energies so long cabined, crippled and confined. Everywhere the Soviet schools were opened up with universal education, recreation centres, workmen's theatres and conservatories of music. The whole country was deluged with tens of thousands of papers and journals, so that the Russian workman probably reads or has read to him more articles—economic and social—than does the average American. A network of telegraph, post and other offices was spread across the land. It is not correct to say the Soviet did it, so much as to say the people did it, for the people generally initiated these things themselves. The Soviet acted as a director and counselor coördinating the cultural "struggle against darkness." The expenditure on education must stay high," said Lunacharsky, the commissar of education. "A generous

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budget for public instruction is the honor and glory of a people."

To the people the Revolution was a good thing. Naturally they wanted to pass it along, so through the Soviet they concentrated their efforts upon the creation of a revolution in Germany. To this end the Russian Soviet published millions of copies of papers in different languages, German, Hungarian, Czech, etc. These papers were dropped by aeroplanes, blown by wind, smuggled in boxes, and carried by prisoners into Germany.

Our military experts were saying the war would last six months or two years more and that it might take a million American lives in order to reach the Rhine. Yet while the Teuton armies were way down upon the soil of France and Italy, they suddenly stopped fighting. Why? Because suddenly the revolution started back home, the German Imperial Government collapsed and Peace came.

Now in this happy event the hammering of the allied guns on the western front played its part, hunger played its part, but so did the Soviet government play its great part. While we are working up our frenzy against the Bolsheviks let us not forget what they did toward saving a half a million or a million American soldiers lives. [Applause.]

In these economic, military and cultural ways and in the moral prestige of political victory over Germany, the Soviet was day by day rooting itself deeper and deeper in the loyalties of the people. I remember a session of the Vladivostock Soviet when one of the Right was making a furious attack upon the Soviet at a time when the food rations had been limited. "The Bolsheviks promised you lots of things," he said, "but they didn't give them to you, did they? They promised you bread, but where is it? Where is the bread that . . ." The words of the speakers were drowned in a storm of whistles and hisses. The workers felt that the Soviet was to be judged not solely upon the material returns. Their bread rations for the time being may have been reduced but in the Soviet they had found other values —ownership of government, a field of creative adventure, a new sense of human worth and dignity through this very human institution they could understand.

The verdict of the masses is that the Soviet has made good. Not that they think that the Soviets have established the millennium; on the contrary, conditions are very bad but the Russians fully understand the terrible handicap the Soviets had to face. They had as their heritage the wreckage of three hundred years of autocracy, three years of war, and two state-shattering revolutions. They were at first deserted by the Intelligentsia, excommunicated by the church, sabotaged by the old officials, nearly guillotined by the Germans, blockaded and boycotted by the Allies. That the Soviet beset and bedevilled on so many sides should have survived and have actually forged ahead is a tribute to its basic strength.

In that way it is different from any other government of Russia, for as Major Thacher has explained in a pamphlet, "to overthrow the government of the Czar it was only necessary to disintegrate the army; to over-

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throw the government of Kerensky it was only necessary to surround the ministers in the Winter Palace; but in order to overthrow the government of the Soviets it is necessary to go to everyone of the local self-governing bodies and destroy them individually root and branches."

The average American queries, "But why is it necessary to have a Soviet government, why can't the Russians have a government something like our own?" On this point the London Nation says: "the choice seems to lie between extreme solutions: one of them is the democratic republic which must be essentially socialistic . . . the other is a restored monarchy. An intermediate solution like the French or American republics is barely possible for the simple reason that the Russian middle class even if we include the richer peasants in it is numerically too small to secure a stable majority." This is of course a sound political and economic statement. I do not have to labor that point here—the political and other institutions of this country are determined by the dominant class. That class does not necessarily have to be in the majority, but as the chief functionary and beneficiary of society it must exhibit moral energy, intellectual force and organizing ability.

The middle class in Russia has some of these qualities and its calibre is shown in the work of the Zemstvos, but it is so pitifully few in number. The weakness of the compromise coalition government of Kerensky with its ministers constantly coming to a deadlock and always resigning, is manifest.

Many Russian leaders were ardent admirers of the parliamentary institutions of Western Europe and America,—but the masses were not. So when it was a matter of life and death to the Constituent Assembly not fifteen thousand demonstrated for it, while if it were a matter of life or death to the Soviet a million would demonstrate and would fight for it and die for it too. The Constituent Assembly went down without creating a ripple on the surface.

A democratic republic like France or America is out of the question. The true alternative to the recognition of a Soviet state based upon the interest of the workmen and peasants is one based upon the interests of the old officials, landlords and the officer class. However disguised that state may be outwardly, in reality it would be a monarchy.

A huge Allied army wading through the gore of Russian peasants and workers can establish such a government. Once set up is there any chance that monarchy will exhibit any staying qualities? Even in the former days the monarchy depended on French and English loans. Now that the masses are thoroughly imbued with the revolutionary spirit and with a deep consciousness of their own power the monarchy would demand not only foreign gold but foreign soldiery. And will these functionaries and beneficiaries of the state established by foreign bayonets, exhibit the requisite moral and intellectual force and show the organizing genius?

Have they any unity of purpose? The only unity of front they have shown thus far is the negative one against the Soviets. Having with the Allied troops overthrown the Soviets

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in Siberia these various generals proceed to quarrel amongst themselves so violently that Siberia, which under the Soviet rule was a country of comparative peace and order is now turned into a wilderness of rival factions and welter of blood. It is interesting also to speculate how long any army of occupation would relish its job of supporting a monarchy and how long it will remain immune from the bacillus of Bolshevism.

A Soviet government or a monarchy? We may get very angry at Russia putting us into a dilemma where an honest American citizen has to make such a choice. Margaret Fuller had a like exasperation over the general state of the world. Finally she said, "I accept the universe." On hearing of this large generous attitude of Margaret, Carlyle remarked, "Gad, she'd better!"

America sooner or later is going to accept the Soviet government and when Americans discard some of the current misinformation about the Soviet they will find it not so very difficult to swallow.

For there is nothing in the Soviet government which precludes the development of industrial life of Russia on a tremendous scale. Men of action like Colonel Thompson find nothing terrifying in the Soviet. On the contrary, it is only those timid souls with acquisitive interests and instincts, who are in mortal fear of the loss of their Russian bonds, that tremble before the red spectre of the Soviet. Big men with creative instincts whose joy is in production rather than in possession find in the Soviet an instrument admirably fitted for the accomplishment of big things. The Soviet puts its estimate upon big brains by voting fifty million roubles for American technical experts, business administrators, engineers, etc.

It is apparent that the Soviet system calls out the latent enthusiasm of the people, effecting a great relase of the creative constructive energies of the masses. This is not a fancy, but it is a fact. No one can say that for our system, where the workman is interested more in his wages than in his work. Thus with us the creative forces of business brains and labor run at cross purposes. It is thrilling to contemplate the results that might ensue from the Soviet arrangement which calls out the enthusiastic creative energies of the masses and at the same time gives a free hand to the men of brains and genius.

Russia under the Soviet offers not only its vast wealth to work upon but also the labor force enthusiastic and alive to work it with. It makes its strongest appeal to men who wish to do big things. Here is a system where the energies of men instead of being spent in quarrelling over the division of the product might be wholly liberated for the task of bigger production.

Frequently I find sentiment veering around in this fashion so that one hears people say, "It is not the Soviet that is so bad but it is the Bolsheviks who are in control." The rejoinder to that is, "Who is to blame for that but the Allies themselves."

If the people did not want the Bolsheviks in power, the machinery is there for ousting them at any time. For example, when the forged documents were published in July proving

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that the Bolsheviks' leaders were "German Agents" the Bolshevik delegates were withdrawn from the Soviets and replaced by others; when the people awoke to the fact that these were gross lies and slanders, they returned not only the former Bolsheviks to the Soviets, but hundreds of others.

Allied intervention had precisely the same effect in giving prestige to the Bolsheviks. The sovereign cure then suggested by certain Britishers to sew every Bolshevik up in a sack and throw him into the sea would call for the looms of Manchester and Birmingham for the next ten years. Shooting them down won't help much either. The blood of the Bolsheviks is the seed of the Soviets. For example, the Bolshevik President admitted that his party would go down to defeat in the next election of the Vladivostock Soviet. Then came the Allies and made martyrs of the Bolsheviks. The Bolsheviks in the city election got more votes than all the sixteen parties put together. The whole city turned Bolshevik and will remain so as long as foreign troops hold it. The advent of Allied forces in Central Russia in the same manner gave the Bolsheviks an extra grip over the Soviets there. As soon as that Allied pressure is withdrawn the Bolshevik grip will relax and other party delegates will be returned to the Soviets.

I do not wish to be insincere about the Bolsheviks for you understand that I do not by any means view them in the same light as most Americans. I believe that for the ultra-radical attitude of the Russian people, as I have said, only an ultra-radical constructive program would suffice. The Bolsheviks alone had the insight to see that and act upon it. They provided a platform which met the demands of the people and so prevented Russia from going over into chaos and anarchy. However, I believe that with the return of more normal conditions to Russia, more normal and moderate measures will return, and even though the Bolsheviks retain their seats in the Soviet, they will not retain their essentially radical position because of the very compromises they must make with capitalistic governments.

Again even with the most radical party in Soviet control America would be in better relationship with Russia than any other power. Under the monarchy, German Imperial interests would be the dominant influence in Russia. Japan would also reap its reward as the sole moral buttress of feudalism in the west.

Lenin himself has such a leaning towards America that he has often to fight with his party the charge of playing into the hands of American capitalism. Not that he loves American capitalism better than any other capitalism but he sees plainly that the safest alliance for Russia is one with the distant America and that we have the technique and technicians that Russia needs. He is willing to pay the price for these essentials.

True, Soviet Russia was shocked to see America advancing, with Japanese troops, against the workmen's and peasants' government, but it realizes America long delayed in the invasion and laid a retarding hand upon it. The advantages are not merely America

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would become a most favored nation of the Soviet but there are many other reasons.

For example, America has in Russia probably one hundred thousand immigrants twenty-five percent of whom hold positions of influence in the Soviets. Their anti-American utterances were often for the consumption of the detective and retainers who ran back to the consulates with tales of the blasphemous anti-Americanism of those ingrates. But there they are! Twenty-five thousand of American agents knowing the American language, American machinery and American business methods, placed at the strategic centres of Russia. If Germany or Japan had such assets they would use them and not antagonize them.

I have appealed for generous treatment to this new Russian government on the basis of your own interests. I could appeal on very many other grounds from a Christian and humanitarian standpoint, or from the standpoint of the fourteen points, though I believe that the number here in Massachusetts is shaved down to nine. [Laughter.]

President Wilson said, "We are fighting for the liberty and self-government and the undictated development of all people." Just as the Imperial Government had no right by force of arms to impose her ideas on the rest of the world, so we have no right to dictate to Russia the form that she shall have. [Applause.]

PRESIDENT LINCOLN. I think I can safely assume that the American people have no feeling of anger with the Russians, but that it is one of sympathy and of desire to assist Russia in forming a stable government, founded upon liberty, justice and righteousness.

We have had light on this intricate subject, and now we are to be still further enlightened. And I have the privilege of introducing to you Mr. Landfield who has come here from New York, a professor of European and Russian history for many years in the University of California I know you will be pleased to hear what Mr. Landfield has to say. [Applause.]

Jerome B. Landfield

Lecturer and Writer

Mr. Chairman and Gentlemen: It is with mixed feelings of pleasure and regret that I have come before you tonight, pleasure to have the opportunity of addressing so significant an audience, and very great regret that I have come here owing to the illness of Professor Harper. Professor Harper is one of the very few men in America who have devoted themselves to the study of Russia for many years conscientiously and successfully and one of the men whom we can ill spare at a gathering of this kind. So I must plead for your indulgence in attempting on very short notice to say something on the subject of Russia.

I may say by way of preface that I do not wish to undertake a controversial discussion. My time is too limi-

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ted to attempt to analyze certain things which we have already listened to, but I would put before you perhaps a new point of view, which I think is a very realistic one, based upon the facts as they are today in Russia, and as they affect the international situation. I would indeed very much like to discuss in good humor certain things which Mr. Williams has said. I was reminded as I heard them, of the little story in Captain Derby's "Phoenixiana," which tells of the making of a survey out in San Francisco to ascertain the distance from Kearney Street to the Cliff House. They fitted out a great engineering expedition, including numerous surveyors and chain-men. They found after going some distance that the chain-men got mixed up. So they gave up that method and fell back on pedometers. On the way they stopped in a dance-hall and presently found they had danced off twenty miles so that method failed. As a last resort they asked the stage driver the distance and he said it was six and a half miles. They put it down solemnly in their note-books and added, "Valuable information. Cheaply obtained. Important if true." [Laughter.]

We are faced by several great difficulties in considering Russia, first in a certain confusion as to facts, and second, in partisanship in their interpretation. A good deal of that confusion and partisanship has been due to sensational novels about Russia and especially to the stories of Russian revolutionists who have been welcomed to these shores. I have devoted twenty-four years to Russia, I have lived among every class of people, peasants, workmen, merchants, Intelligentsia, and gentry, and I have found that a certain considerable portion of the revolutionists who were welcomed here with open arms are exiles from their country for other reasons than politics. For example, in New York there is a man who goes around talking and writing on Russia who calls himself Ivan Narodny. There is no such surname in Russia and he adopted that alias because he left his country a fugitive from justice, and he now devotes himself to all kinds of nefarious schemes. Surely this does not make him a very good purveyor of Russian information. I could name scores of similar examples.

But there are many good revolutionists whom I admire from the bottom of my heart for their courage and devotion. I have had a great deal to do with them in Russia and in Siberia where I spent four seasons. Nevertheless, in spite of their sincerity, I have found them prejudiced observers.

I have enjoyed particularly what Dr. Olgin has said and I will agree with him in a great deal of it. But perhaps his view of the attitude of soldiers toward the army and their officers was somewhat colored by having been put into the army as a corrective measure. [Laughter.] I have been a great deal with Russian soldiers and there are all kinds. In many cases they look up to their officers as having a sort of paternal relation to them, and the men in such regiments behaved very well even after the revolution, after the famous Order No. 1 went forth.—These men stayed there on the front faithful to their allegiance and their discipline, in spite of the committee and all of the

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German-inspired propaganda which was so treacherously carried on by the German-Bolshevik agents.

But I want to speak of the situation from an entirely different standpoint. One could spend a whole evening in talking about what Bolshevism is. One could spend a whole evening in tracing the German hand therein. But this is aside from my purpose. I must advert only a moment to Mr. Williams' claim of winning the war by spreading Bolshevism in Germany. Just imagine the Allies fighting that way! It was a German scheme in Roumania to bring in glanders germs to inoculate the horses and cattle, as was discovered when the German legation was searched. And perhaps we would like to undertake that same kind of warfare, utilizing the germs of German-made Bolshevism, but I do not think so. For Bolshevism is a contagious social disease, and although its leaders may pass as fanatics determined to carry to its logical extreme a certain old-fashioned form of Marxism, those people are only the "window-dressing" for their followers, who are only waiting for the time for looting to begin. That social disease in spite of appearances, is not so bad in Russia as it is likely to be in some other places, because the attempt to place the proletariat in the saddle is not succeeding there and will not eventually have great significance. But in Finland, where the same program was carried out, it was, during the time that it lasted, ten times worse, and if it ever strikes seriously into Germany, as it bids fair to do, where there is a larger industrial class than in Russia; where there is a strong class feeling which does not exist in Russia; and where there is a population brutalized in German warfare, you are apt to see a much worse situation.

To understand Russia you not only have to divide Russia into two classes as Dr. Olgin has divided it, into the Intelligentsia on the one side and the Chorny-Narod, the dark people, on the other. There is another simpler form of division, a simpler line of cleavage, which is of the utmost importance in understanding Russia. You must visualize Russia as made up of the people who live along the railroads and in the cities, and the people who live away from the lines of communication, and there is a vast difference between them. The class that lives along the railroads and in the cities are the people who are affected by socialistic agitation, by political parades, by eloquent theorists, by catch words and slogans which they do not understand. A little illustration of this is the Russian interpretation of the German propaganda of "No annexations or indemnities." We came pretty near being taken in by the same thing ourselves. It sounded so reasonable. [Laughter.]

In Russian the word are "Annexia" and "Kontributsia." Of course they were not understood by the peasants and it was not desired that they should be, and so it was explained to them that "Annexia" and "Kontributsia" were two provinces between France and Germany which the Germans and French were fighting for, and so the Russians had no interest in the war. [Laughter.]

So when we are dealing with the revolution in Russia, we must remem-

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ber, that it did not go deep. It affected chiefly the class along the railroads and in the industrial centers and the cities, and those are the people with whom most of our observers have come directly in contact, especially those who have been in Russia only during the revolution and whose perspective is not balanced by the experience among the people in times of peace.

Eighty per cent of the people, the great agricultural class that lives away from the railroads, was affected to a certain extent, first over the land question and then again when the Bolsheviki published their agrarian program, which was simply one of spoliation and expropriation of the land. The peasants were carried away for the moment by the demagogy, but after a little experience they got pretty well over it.

This seizure of the land did not result satisfactorily. The peasants live in villages and farm the land round about. This land is held in common by the *mir* or peasant commune. The land held by the proprietors lies between these villages, and when the peasants were told to seize the estates, disputes arose as to which village was to get this land. These disputes frequently resulted in bloody struggles and the upshot was a general feeling of insecurity and the expropriated land was not cultivated.

The peasants are not socialistic or communistic. They have no sympathy at all with socialist theories of nationalization of land. Their dream is absolute personal ownership of land and they know that the *mir* institution, with its periodical redistribution of the land of the village, is against their interests—is indeed a tyranny. Like all agricultural people they are naturally conservative, and very soon became disillusioned with the Bolshevik program. Whenever they were able to overcome the vicious and criminal elements of the community who constituted the Soviet, they threw out the Soviet and restored the institution of the village meeting. In recent months they have in many instances been sending delegations to the provincial towns to seek the fugitive landlords and beg them to return to their estates, a very striking and significant fact.

The present situation is that the peasants out in the country have some food, which they hide away to avoid seizure at the hands of the brutal Red Guard. The industrial classes of the cities are facing actual starvation. The Bolshevist leaders appealed to the idealism of the Russian people and then took advantage of their credulity and miserable condition. When disillusionment came and they realized that they had been victimized by a gang of thugs and robbers, it was too late, for the Bolsheviks had organized their mercenary forces and maintained their authority by a highly-paid army in which Letts, Chinese, and German and Austrian prisoners-of-war predominated, and in which were enrolled the criminals liberated from the prisons. Today the people are cowering under this horrible tyranny.

Frequently the question is asked: If the Bolsheviks number less than five percent of the population, why do not the people overthrow them. But you must understand that the Bolsheviks have the arms, and a band of absolutely merciless Red Guards, who are the

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worst elements in Russia, while the people have been disarmed; the Bolsheviks hold the railroads and the towns, and in a country where communications are so limited that it is next to impossible to concentrate against them; and finally there is a fatalism and inertia in the Russian character which hinder active resistance.

But the resistance will come and leaders will be found. The really significant fact, the fact that bears on the international situation is that in Russia, not counting the non-Russian races, there are one hundred and fifty million people, homogeneous, speaking the same language, professing the same religion, having the same culture, and they will not be denied a strong national existence. And speaking of religion, the recent growth of the influence of the church has been remarkable. Last summer one of the superficial correspondents employed by the Creel bureau said to me: "This legend of the Russian's attachment to his religion is another exploded myth." And to prove his point he related how the peasant accepted without revolt the Bolshevik attacks upon the church. Poor fool! He did not realize that you can not change the character or habits of thought of a mass of people like that in a day or a year. Today the church is stronger than ever and religion will play a big part in the popular movement.

The tendency today among the mass of the Russian people is toward reaction and it is of this tendency that I am afraid. I wish to discuss it, not from the standpoint of democracy or abstract political theory, but of a fact bearing upon the international situation and the prospects of durable peace. The psychology of the Russian peasant is simple. The old régime may have been bad, but the present anarchy and tyranny are unendurable. He knows the one as "monarchy" and the other as "democracy," and he has no use for the latter. A friend of mine asked an intelligent peasant if he favored a republic. "A republic will be all right," he replied, "if only we have a good Czar." [Laughter.] The old régime came in contact with him through the tax collector and the policeman and he did not like them, but he did not hold the Czar responsible. Today he would welcome the restoration of the old régime as an escape from his present oppression and suffering.

Now, what is likely to happen? You hear men say: "Let Russia work out her own salvation in her own way," or in other words, "Let Russia stew in her own juice." This has a familiar sound; it reminds us of the fearful blunders of our Mexican policy. It is so easy to wash one's hands of the whole matter.

If left unaided and unguided to cope with German-made Bolshevism and economic chaos, the tendency to reaction which I have just mentioned will be overwhelming. Leaders will be found and the will of the people will find expression. The outcome will be a dictatorship and the restoration of autocracy. Think of a powerful and vigorous autocracy at Moscow directing a hundred and fifty million people and in possession of a territory of undeveloped resources comparable to the continent of America a cen-

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tury ago. That power will laugh at the peace treaties made at Paris. They will say: "Russia bore the brunt of the war for two years and saved the Allies, at a cost of nine million casualties, and when Russia collapsed from utter exhaustion and German intrigue, she called for help in vain. And now you presume to settle our affairs for us without our having any say in the matter. We repudiate any such treaty." And neither Europe nor America would undertake a fresh war to coerce the new power of the north, for this power with its huge population will tower above a Europe poverty-striken, burdened with debt, lacking in raw materials, and distracted with political experiment.

And there is another phase that is even worse. In the tasks of reorganization and reconstruction such an autocracy would naturally turn to Germans. German engineers and business men, not wishing to remain at home to face lack of opportunity and heavy taxation, and denied openings in other lands, would be welcomed in an autocratic Russia turned against the Allies and America. It is not a pleasant picture to contemplate.

It is time to put aside academic discussion and theorizing and formulate a definite policy—a policy of aiding the constructive elements of Russia. Perchance we may thereby win the right to guide in some degree the course of their political development. Here is not talk of invading Russia or attempting to police her. Nothing could be more absurd or dangerous. But we can give immediate assistance to those loyal forces that are working to free Russia from the Bolshevik plunderers who have brought her to ruin, and ourselves help in the great tasks of regeneration.

I am not here to promote a program. The plan must be made by the Allies as a unit and it must be based on accurate information and changed to meet developing conditions. But what I appeal for is *some* positive plan and that without delay, for if something is not done and done at once, then by our neglect of the problem, by our failure to act, the future peace of the world will be in jeopardy, and the responsibility will be ours. [Applause.]

PRESIDENT LINCOLN. We all know the noble, the great work that has been done by the Red Cross in all the nations. We have contributed more than a hundred million dollars in aid of this important work. We are proud of what these noble men and women have accomplished, their heroism, their self-sacrificing spirit; and now I have the pleasure of calling upon Mr. Thomas D. Thatcher of New York, who represented the Red Cross Work in Russia. [Applause.]

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Thomas D. Thacher

Member of Red Cross Commission to Russia

It is a great pleasure and a great privilege to be your guest tonight, and I thank you, Mr. Lincoln and gentlemen, for your cordial hospitality. It is surprising, after having heard three people speak on Russia, not to find so far as anything essential is concerned, very much disagreement. I do not think that Mr. Landfield, in his remarks regarding some of the Russian refugees, meant to picture that stream of people who flowed back into Russia from Siberia, from America, and from other neutral lands, exiles from their own land, flowed back, I say, by thousands on the happening of this great revolution; many of them the greatest patriots that any land ever had. They were not criminals, although condemned as such by the laws under which they were compelled to live. The most striking, the most terrible witness of what a despotism can destroy in this world was the return of those simple, brave and patriotic people. One of the miseries, one of the calamities, one of the tragedies of this revolution is that many of those people today are without influence in their own land.

There grows on our western plains a poisonous weed. It is called the loco weed. When a horse eats it his power of vision is so affected that his entire perspective is completely distorted. Some of you have seen those unfortunate creatures stepping very high over little stones or sticks and stumbling along as if surrounded by all kinds of imaginary obstacles. From the nature of its symptoms that disease is called "grass staggers." And it has seemed to me that public opinion in this country at times has suffered from grass staggers and that it is "plumb locoed" on the entire Russian situation. [Applause.] If that diagnosis is correct we have not far to look for the source of infection, for we find the weed flourishing most luxuriantly on the front pages of our daily journals [Applause], cultivated by ignorance, and often, I am sorry to say, by prejudice, and sedulously irrigated by German propaganda, publishing from Amsterdam and the Scandinavian countries the falsest stories of this great world drama. But there are certain facts which emerge, if we read those stories, not day by day, but month by month. And I think I have been able perhaps, unwisely perhaps, stupidly, but as least sincerely, to form certain conclusions on the present situation.

Our reluctant and carefully guarded intervention in Russia was, in my opinion, inspired by a single and a sincere desire to aid the Russian people in regaining control of their own affairs. I think it was the hope of those who most earnestly supported that policy, and their expectation that the presence of a few friendly troops on Russian soil, would form a nucleus around which the elements of law and order would gather, to establish a true democracy in form and purpose. And that that government, so established with a firm hold on the Russian masses, would create a new Eastern front and continue the war against German dom-

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ination. That was the hope, the dream, the expectation. I think you have heard some things tonight which explain why the dream, the hope, the promise, did not come true. And what is the situation today? In Siberia has intervention reëstablished order? Has intervention destroyed Bolshevism? On the contrary it has not reëstablished order. It has not destroyed Bolshevism.

We see today, in Siberia, set up under the wing of Allied intervention, petty personalities, calling themselves dictators, quarreling with each other for the possession and for the exercise of power which they could never hope to possess or exercise unless supported by foreign bayonets. I am taking my facts from a source which is not prejudiced against intervention, but, on the contrary, is prejudiced the other way. And let me, with your permission, read to you a statement which perhaps some of you have read from the New York *Times* correspondent, who has been in Siberia with our forces from the beginning, Carl W. Ackerman. He says:

"A distressing and disappointing feature is that Russia's civil war is not a fight for freedom, but a contest for power between anarchy on the one hand and militarism and autocracy on the other.

"If the Bolsheviki win in the final crash with arms, Russia and Siberia will remain anarchistic for some time. If the present dictators succeed, the Czar's intimate friend, Denikin, will be named dictator of the new monarchy which will be founded.

"Semenoff's antics since the establishment of Kolchak's dictatorship have caused the greatest national and international complications. More than a month even before the coup at Omsk Semenoff interfered with the Czechs, then mysteriously disappeared. En route he prevented the carrying out of the Russian mobilization orders.

"Disturbed by these hold-ups, General Gaida sent Semenoff an ultimatum on November 12th. Simultaneously he inquired of the Japanese commander at Chita what attitude the Czechs might expect the Japanese forces to assume if the Czechs had to move against Semenoff, to which the Japanese replied that they knew of no disturbances of Czech communications, but would investigate.

"After this incident Semenoff did not interfere with the Czechs excepting for a few days in the latter part of November, when he stopped all telegraphic communication on the ground that he did not wish Kolchak to communicate with Vladivostok.

"In a few Siberian cities the Committee of Public Information offices give information to the press. But while at no time did this news give encouragement to the All-Russian Government when it was in power, I found in the Irkutsk papers a dispatch from Washington to the committee representative at Irkutsk, saying that the United States looked with favor upon the Kolchak Government. This led many Russians to ask whether America, too, supported such a dictatorship as Kolchak's."

It is only necessary to get that picture in your mind to know why it is said today that if the forces which we sent into Russia to form the nucleus of a great internal force are withdrawn,

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those few people, dictators as this man describes them, will be without protection against their own people.

Intervention has not only failed to destroy Bolshevism, but has been for many months the strongest prop of Bolshevik power. You read that Gorky—and no man was ever more severe in his denunciation of the Bolsheviki than Maxim Gorky—is a Bolshevik today because he is against Allied intervention. You read that the Menshiviki of the Social Democratic party are so strongly against Allied intervention that they are in a measure supporting the Bolshevik power. You read that the Social Revolutionaries who made the one great attempt to overthrow Lenine and Trotsky, are doubtful because of intervention as to what their future policy should be, and have relaxed their open and active opposition to the Bolsheviks. Intervention has consolidated in support of the Bolsheviks the men in Russia who see in foreign interference tendencies toward reaction.

It has done another thing: People are starving in Petrograd and Moscow. People were starving there under the Czar, and those are conditions that Mr. Landfield refers to as ones which will make these people rise and find new leaders. I disagree that they will ever look for another Czar, but I agree to the letter that those conditions will make these people rise in their strength and get rid of their present leaders. Those conditions are conditions for which the disorganization brought about under Bolshevik rule is largely responsible. But that responsibility has been escaped and is being escaped today because Allied troops are stopping the shipments of grain from Siberia into Soviet Russia.

Have we not, now that the war is ended, come to a point for reëxamination, for reconsideration, and for possible revision? What are the ways from this point forward? Shall we send an army of occupation into Russia which can effectively destroy the Bolshevik power and set up a new form of government satisfactory to us? Mr. Landfield says that is a ridiculous proposition, and I think all four of us were agreed on that, and you have only to look at the map to see it.

Russia under the Czar, included sufficient land area to take in the entire American Continent from Greenland to the Isthmus, and have enough room left over to include all France and Germany. On the occurrence of the Russian revolution, in the default of any other government whatsoever the mass of the people formed these local autonomous soviets all over that vast area, except where foreign force had intervened. In July and August of 1917, when Kerensky was still in power we had the privilege of going from Vladivostok to Petrograd, and at every single point the only local authority which was exercised by any one was exercised by a soviet or Council of the Workingmen and Soldiers in those districts, and when Colonel Robins, of the American Red Cross, returned through Siberia in May of this year he went against the advice of every Allied representative whom he saw. They said he would be killed, that his train would be robbed, his supplies

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taken away from him, and that it was an impossible and a crazy idea to attempt the journey.

He went with a letter signed by Nicholi Lenin, and that letter asked that he be allowed to pass without inspection of documents, with rifles and ammunition, which was against local laws of the local soviets, and with a large surplus supply of food. He passed through on a private car, carrying those documents and those rifles, and stocked with enough supplies and food to last him five times the journey he was taking. He passed through the jurisdiction of seventeen different provincial soviets. At every single station of importance he was met by the Red Guard representing the soviet in that place. They had come to the station for the purpose of examining the baggage, papers, and taking the ammunition of every person that passed over that railroad. In each instance he invited the Commissar in command of those men to come aboard his car. He showed him this letter written by Nicholi Lenin back in Petrograd, and in each case the man said "thank you," and bade him good-bye. There was the exercise of soviet authority over a contiguous territory of more than six thousand miles, through all of those different local jurisdictions, and the word of the chief commissar of the soviet government was not questioned in a single place.

The soviets have eaten up everything in domestic Russia. I am digressing a bit, but I wish to tell you about Alexieff and his attempt to overthrow this thing. It was exactly similar to repeated attempts that had been made time and time again during the months which have passed since the Bolshevik revolution. Alexieff was the commander of the Russian Armies after the Korniloff fiasco, a most able general. He raised a force at Rostoff and claimed to have thirty thousand men. They were well trained and equipped. Their lives had been in the army, many officers volunteered and were serving in the ranks. Alexieff proposed to march from Rostoff to Moscow and to overthrow the Soviet Government. When he started there was not a sign or vestige anywhere between him and Moscow of any organized force, of anything at all. He advanced without serious opposition about one hundred versts, when he found himself confronted with a force superior to his own, and learned that his communications at Rostoff were being cut off by a similar force and that soviet troops were coming in from all sides. Then he returned as fast as he could. We were in Petrograd when full accounts of this fighting were printed. But there was not once during all that time the mention of any leader who was commanding those men opposing Alexieff. The explanation was that in each local center they had this soviet, the first instrument for the exercise of their own will, to govern themselves, that had ever been placed in their hands, and when those men learned that an attempt was being made to overthrow and destroy that instrument of self government and self expression, they came out and kept on coming out, just exactly as your forefathers did as minute men in the Revolution. [Applause.] That has been the history of every single attempt of the same kind in Russia to this day, and

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so I conceive that the soviet is a thing of power and a thing of depth, and it is the thing we are fighting today.

Now, is there any way out? Are we going to send a sufficient force in there to destroy that thing over that vast territory? It is not a question, as Mr. Hoover says, of cutting the cancer out of Moscow. It is not a question of taking Petrograd and Moscow, but a question of an army of occupation over that entire land, and the destruction of an aspiration which, no matter how wrong we think it, is just as sincere as our own aspirations for democracy and liberty.

Is there any other way? Bolshevism has arisen out of suffering and starvation. Our policies today are increasing the evils which make that thing possible, and I think that we should at least let the food go through. I think we should be sending food today to the people who are starving in Moscow and Petrograd. [Applause.] I think we should be sending with that food a commission of men who have vision enough and guts enough to take this thing in their hands and control it. Are we too proud in this day to talk to a Bolshevik? I have talked to them and worked with them and I don't feel soiled. I say that a commission of the right kind can go to Moscow today with food and economic backing, and, by the simple process of human negotiation, can stop the Red Terror and the White Terror and give those people some measure of confidence in the future by giving them help in this time of starvation and relieving the conditions under which they live, and by which they are as much oppressed as by the power of any so-called German agent. [Applause].

Mr. Landfield holds out the hope that they will change their leaders. Why are we not there with the relief which they must have if they are going to have any hope of the future?

Now, can the thing be done? People have said to me "How can you suggest that you can send food into Soviet Russia when it is ruled by the Bolsheviki?" How many times did we have to answer that question? Before the Bolshevik revolution occurred the American Red Cross in Russia had assurances from Washington that shipments would be forwarded, and upon these assurances we had made very definite promises of relief to the people of Petrograd. Among other things we had ordered from England a large quantity of powered opium which some of you, as doctors, will know is of the greatest value in treating cases of throat and lung affections caused by severe exposure. It was a drug not to be had anywhere in Russia. The big men at the head of the army medical service under Kerensky's government said it was the one great thing that the American Red Cross could do for Russia, to get that essential drug there. The transaction was complete and the arrangements made for shipment when this Revolution in November occurred. The first reaction was a telegram from Washington which quoted an official telegram from England stating, in substance, that there was the most reliable information there in which high authority had no hesitation in placing implicit reliance that no supplies could

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possibly be transported from the northern ports of Russia, and that no American supplies could be transported anywhere in Russia, unless sent to Vladivostock and accompanied by a man with sufficient funds to buy his way along that railway by bribery of every public official that he met. That consequently, relying upon this information, the opium would not be shipped from England. Naturally enough the American Red Cross in Washington said that they were withholding all shipments for Russia and Roumania until they could have our advices as to the advisability of attempting to transport any of these goods. Our answer was that unless they wished us to leave Russia, having discredited the American Red Cross and the American people, that these shipments should come forward. And that is not all of the answer. At that time the conditions in Roumania were frightful. Thousands of people were facing a severe winter with practically no clothing. The Ukraine was in civil war with itself, and in actual war with the central Russian government. Shipments to Roumania had to pass through the lines between those two contending forces. So we had, in addition to the conditions they were thinking of in London, a civil war and a war between the Bolsheviki and the Ukrainians, and we had to send our goods through that country or let these people freeze. We organized a shipment of thirty-one cars filled with clothing and supplies for the Roumanian people. We put in charge of that train Lieutenant Mangunson, a clean-cut American of not more than twenty-four years of age, who could not speak the Russian language, and, under the protection of not more than six Roumanian soldiers, we started that lad for Roumania with an interpreter. You probably think that was a criminal performance on our part. We did not think so. He took that train to Yassi and delivered it to Colonel Anderson in charge of the American Red Cross there, under protection of letters from soviet authorities and of the American Red Cross sign, without the loss of a single stitch of material. And he did it in no longer time than it takes, or did take then, for the ordinary passenger train to make the journey.]Applause.[

Our supplies then came forward to us and we were told by most everybody who showed any interest that to attempt to transport those supplies would undoubtedly result in robbery, and might result in murder. They were food supplies passing through a country which was bereft of such things.

One English general told me that the port at Murmansk was in possession of a mutinous band of sailors who were taking everything landed from the ships, and that when a couple of those men got on to the freight cars and rode down the line, the station agents took to the woods. There were no such conditions. Those supplies were landed in Murmansk without any protection whatever. We did not get our man up there until they had been taken off the ship, and yet our entire loss was less than two per cent. We sent a man up there, and we transported from Murmansk to Petrograd three full train loads of supplies and about half a dozen cars from Archan-

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gel. The only protection we had was the protection of the soviet government and the name of the American Red Cross, and I want to say to you this, that we at no time paid one single copeck in Russia for freight or for the payment of any special inducement to any person anywhere. [Applause.]

We took the position that we were in Russia for the purpose of serving the Russian people and that we were not inclined to pay for that privilege. That position was not only recognized by every person along the line, but we received the most courteous and favorable consideration that could have been received in any land. I have often thought in looking back that if we had undertaken to do the things which we actually got done in that way under the Bolsheviki in any other land, we would probably have gone mad in the attempt [Applause].

These supplies from the northern ports were taken to the city of Petrograd, that horrible place which you people were reading about at that time, as being in the possession of murderers, anarchists and bomb-throwers, in which the streets were running red with blood. They were stored in a warehouse in a particular district of that city far on the outskirts, in a neighborhood which included some of the poorest elements in the city population, and those people were actually in serious want and under serious suffering because they were in want of the very things that were in that warehouse. That warehouse was protected during several months by no more of a force than you gentlemen of business would consider it your duty as representative of a corporation in this country to put as a guard or watchman on any similar warehouse in the city of Boston. And there was nothing stolen [Applause].

It was my privilege to work out the details of the distribution in weekly quantities of condensed milk sufficient to feed twenty-five thousand children in that city. There was no milk available at all. If you could buy a can of condensed milk it cost you fifteen rubles, but you could not buy it. The only possible way of distributing that stuff was through the local soviets in each city district. In addition to the Petrograd soviet and the national soviet which was meeting there were these local soviets, about fifteen or sixteen in number, scattered over the different districts of the city. (Your President asks me what the population of Petrograd was at that time. The population of Petrograd, I think, although Mr. Olgin can perhaps correct me, is normally about two million, and I think at that time there were between three and four million living there. Since that time it has been greatly reduced.) That work was done with the Bolsheviks, with the common working people of that great city, and I sat and worked with those people. A majority were women. I have never sat with a group of more sincerely earnest social workers. Their one idea was that that milk should go to the babies of the poor of that city, and their one effort throughout my whole association with them was to assure in every possible way within their means and power, an absolutely just, fair and honest distribution of that milk. There was one fellow I remember who was most earnest and

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most active, and took me around his district and showed me the institutions there, and had the thing on his mind. He was active, and the kind of man you want to see in this country on any committee of the same kind. I remember his telling me that before the revolution he was the man who made all the candies for the Czar. He spoke of the hard times since the revolution had come along and taken away his business, but there was something in that man's spirit, in his earnestness and sincerity that clearly showed that in his heart he felt that his work with his comrades, as he called them, in the local soviet of that district and in connection with the American Red Cross was, after all, while not so remunerative, a better thing to be doing than even making candies for a Czar.

Now, are we going in there in that way to give those people a chance, or are we going after Bolshevism with force? Are we going that way into Germany, into revolutionary Germany, into revolutionary Austria, into revolutionary Russia? Shouldn't we think back a bit to 1793, when the European powers decided that that was the method with which to deal with the French Revolution? If that method applied here has the same result that it had there, we may well fear a Mittle Europa which will be no mere crazy dream of a made Kaiser. I hope we will choose the method which from your applause I believe has your approval, of sending food and economic relief to the suffering people in Soviet Russia.

In what place in this broad land of ours would one rather choose to discuss such a scheme than in this City and State? Will you men of Massachusetts, with the blood of your fathers running in your veins, contemplate with an easy New England conscience, an American army of occupation in revolutionary Russia? To state that proposition is to state its refutation. Your ancestors have left some trace in you of what they felt when they suffered under the occupation of this city by troops of their own race, when they witnessed in King Street, not far from where we sit, the Boston Massacre of 1776, and finally put the British troops to rout along the road from Concord to Lexington. And they were the same men who in adopting the Declaration of Independence, declared in language which has not yet been improved upon, the right of every people to self-determination.

Blindly, perhaps, but with an earnestness and devotion which is astounding when you think back to the attempted imposition by autocratic power of ignorance and degradation under which they were compelled to live for so many centuries, the Russian people today are sincerely trying to work out that aspiration of self-government so well expressed in that instrument, and I venture to predict that no one sitting in this presence will live to see the day when this nation, conceived as it was, will consent to send hundreds and thousands of Americans to police revolutionary Russia. [Long applause.]

PRESIDENT LINCOLN. I am sure we are grateful to the speakers who have addressed us this evening. We have received important information. We have been educated in the condition of Russia today. Mr. Landfield

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sounded the alarm bell, and, emphasized by Mr. Thatcher the dangers that there were if an army of occupation is continued in Russia. Is it not our duty, as citizens, to protest against such action? Would that the Government and the high officials of the Government were here tonight to receive the information that we have listened to.

Rejoinder by Dr. Olgin

Russia had always an idea that she was of value for herself, by herself. That is the tendency of every self-conscious personality, and the essential feature of every self-conscious nation. We always have had a very strong national feeling and we were reluctant to see any intervention, whether intervention by force or intervention in any other way, into the internal affairs of Russia. It may be interesting to you to know that there was, under the Czar, a great hatred for Germans in Russia, because of many of the Russian officials were of German blood, coming primarily from the German barons and German nobility in the Baltic Provinces. There was great resentment against these leaders because they were of foreign derivation.

What the Russian nation desires is to be looked upon not as something unlike and entirely different from the rest of the world, but as something that is to be judged by the laws of common sense. It is indeed very little to ask of the world to judge us according to the laws of common sense, but unfortunately that is the thing which is least done in connection with Russian affairs.

There is a story about a foreign press correspondent who came to Russia and sent to his paper a description of the Russian peasant sitting on a hot July day in a very heavy sheepskin coat under a very large clukva tree and drinking hot tea. The joke is that the clukva tree happens to be nothing else but a cranberry bush, and that is about the way that foreign correspondents judge Russia. Never has that clukva story been spread so much over the world as it was in this country since the Revolution began. Some such judgments we have heard tonight even in this assembly. [Applause.]

There is a Russian saying which means as much as "the flounder likes to be fried in cream." That's what has been asserted about the Russia masses by one of the speakers. But the Russian is not a flounder. He hates those whom other people hate, and loves whom everybody else in the world would love. And therefore it is very strange to hear that the Russian soldier loves the Russian officer. The Russian officers were representatives of the Russian bureaucracy. The Russian officer was a man that was given *carte blanche* in Russia to act as he pleased. I was not in a regiment of correction. I was just in an ordinary regiment, and I may just as well state that I was put into that regiment not for bigamy, nor for forgery, but I was put there for revolutionary activities. [Applause.]

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And I happened to see not only one regiment, but when our military district came together at the great autumn exercises, there were about twenty regiments stationed in one place, the soldiers freely communicating with each other. It was no secret, and it was well known to every observer that the soldier hated his officers. It would be easy to keep your attention for ten hours telling you how the officers were treating the Russian soldiers, but this is not necessary if you only try to judge the Russian soldiers in the light of common sense. There were exceptions to the rule, of course. In the regiment where I served, which consisted of sixteen companies, fifteen had bad commanders, and one company had a very decent commander. He was a lovely man and the soldiers adored him, but after a while that man had to go because he did not fit into the scheme of the Russian military bureaucracy. The soldier did not like the army because his food was very bad, his clothes were bad, he was not treated like a human being. Of course, many of the soldiers were ignorant, after the Revolution as well as before it. We do not know all the things, and many a Russian soldier may not have understood the words "annexia" and kontributia," as asserted by one of the speakers. But I have heard a story of a prominent man in this country who said that a year ago he still thought that Ukrania was the name of a musical instrument. [Laughter.]

In full accord with this judging the Russian nation not by the standards of reason and common sense is the assertion that the Russian peasants want to call the landlords back. That landlord was the owner of the land. The peasant could not get along on his little strip of land. In order to be able to conduct a husbandry, he was obliged to rent some more land. He rented it from the neighboring landlord who was usually absent from his estate. According to estimates, the rent for that land was eighty per cent of the net income from it. In certain instances the peasant paid the entire net income. You might ask why did he rent that land, the reason is because he had to increase his stretch of land in order to be able to cultivate at all. If the cattle of the peasant went astray and into the fields of the landlord, they would be taken, and the peasant would go humbly and take off his hat and wait three or four hours for the manager to come out, and he would be fined two or three or four or five rubles. These are common facts. Everyone who lived in Russia knows them.

Now, the press correspondents come and tell you that the peasants have a great craving for their landlords to come back. If you judge them by any other law than the law of common sense that would be possible, but to me it is not possible.

In accord with the same line of argument is the idea that the Russians are ready to take their rulers back. I was born there and lived there long enough to know how bureaucracy looked. I ask myself who is it that they want back. Here is the *Uradik*, the petty official who lived in the little village, who was the dread of the peasantry, whom nobody could refuse anything, because he was as the say-

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ing ran, "their god and their Czar," who would beat every peasant at his whim and there was no escaping it. Here is the Zemski Natchalnik (county official) who could lock up anyone that he wanted to, who could inflict other punishments on innocent peasants without a semblance of justice. There were exceptions and always will be. There were good officers and good wardens of prisons in Russia, even of political prisons, but we are not speaking of exceptions. The facts are that the peasants hated those officers with an adamant hatred. But now we are told the peasant has a great longing for that officer to come back [Laughter]. If you judge him otherwise than by the laws of common sense that might be conceivable, but I am still in the habit of thinking of my people as human beings, who have logic and who think along the lines of common sense.

Looking back at the situation in Russia I could not become a pessimist. For a long time I could not reconcile myself to the Bolsheviki over there, and I have not reconciled myself yet; I am not advocating the recognition of the Bolsheviki government or of any other government in Russia. But I am judging the case as it is with a calm and dispassionate attitude. I did not like the Bolsheviki rule. Last year when the November revolution had taken place, I could not digest it. I asked myself "How will that work in a backward land where everything is broken down?" When I read the statements of Lenin and Trotsky I used to say to my friends, "I think that Russia is now being governed by a five cent phamphlet that had been circulated in Russia."

I don't like Bolsheviki rule now, and I don't think that Russia ought to go along in that way. If I were to go to Russia now I would be considered an "enemy of the people" because I disagree with the existing government. But I ask myself, thinking in the lines of common sense, what is my desire? What do I expect of the future of Russia? There is one great alternative. Either the world should go and crush the Soviet organizations in Russia, or the world should give that Soviet organization a possibility and a freedom to reform and to turn into a stable government. That is the question which confronts the world. If you want to crush Bolshevism, do it; but please be prepared for a very long, horrible fight. It will not be easy. We are told here that the Revolution is only on the surface. That is also a statement which seems to me not in harmony with the facts. After all they have done, if this is not a revolution, I ask what is a revolution. The entire economic and political structure of Russia has been fundamentally changed, and the new order is entrenched deeply in the soul of Russia. If you want to fight Russia, prepare for a long and continuous fight lasting many years. Prepare to send these magnificent American soldiers to Russia to slaughter her people in order to set up the landlords and the generals in place of the present organization that sprang up spontaneously from the masses. That is one way of doing it. Another way is to say, "Let those people, who have so many theories, the simple people and the intellectuals among them,—be confronted with serious practical prob-

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lems." There is nothing more sobering than to confront a person or a community or a political party with real responsibility for the business to be done.

Now, if you remove your soldiers and tell the Bolsheviki "We are ready to do business with you if you can be trusted, we will sell goods to you, but we want things in exchange," they will have to make concessions. They will have to produce goods. If they are confronted with the administration of the country, you remove the glory of martyrdom from them. Let Russia breathe free. Let all these magnificent people feel that nobody threatens their liberty, and then they will sober up and see that many things cannot go on the way they are conducted now. Some of the present democratic features will be retained in the future, but some of the rigid one-sided rules will certainly be abandoned, and it is my hope and my dream that after a while they will reconcile themselves with the other radical parties, convoke a constituent assembly, and that assembly will pass the fundamental law, the constitution of Russia.

I have not reconciled myself to the fact that Ukrainia is a separate state. It seems ridiculous to me. I was born in Ukrainia myself, and I cannot conceive of it apart from Russia any more than of Boston as independent from the United States. Let the people of Russia and Ukrainia work out all these problems, but give them freedom to readjust things in their own way. I am not afraid of Russia going mad. I am afraid of Russia being driven to madness by sheer despair. Russia will become more and more moderate when she is dealt with as an equal.

I was glad to hear what Mr. Thatcher said about sending food to Russia, but please don't do it as a charity. You cannot treat Russia the way you fed the Belgians. We need capital, we need harvesting tools, we need machines, we need some of your engineers. There is an excess of these things in your country. We need your skill, but we are ready to pay. We are a country of enormous resources. We have gigantic forests, in the ground there is iron and gold and silver and copper and potash and oil and other minerals. Our land is fertile, our people industrious. Resume your commercial intercourse with Russia; confront the people with the necessity of dealing with you, and this will have a pacifying effect upon them.

It is a misfortune for humanity and civilization that there is so little understanding and so little spiritual unity between this country and Russia. There is the great dream in my mind, the dream of a spiritual union between the great Russia on one end of the world and the great America on the other end. [Applause.] If we have in the far East a free, democratic, liberated and prosperous Russian Republic with its aspirations and idealism, and we have on the other side your glorious beautiful American Republic, then we will have two great bulwarks of civilization, and then we shall, we think, be actually safe for democracy. [Applause.]

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Letter from Mr. Landfield

NEW YORK, Jan. 5, 1919.

MR. WILLIAM H. LINCOLN,
President Boston Economic Club,
Boston, Mass.

MY DEAR MR. LINCOLN:

I must express to you my appreciation of the privilege of speaking before the Boston Economic Club last Monday evening, even as an eleventh-hour substitute, for the gathering was a significant one and the subject of the evening, "Russia," all-important. Such a discussion, however, presents certain difficulties. Its object is of course, to discover truth through the presentation of different points of view. But where there is considerable divergence as to facts and strong partisanship in their presentation, the truth is likely to be somewhat obscured by appeals to emotion and by the use of partisan dialectic, in which most radicals and revolutionaries are especially skilled. In such a discussion, the calm student and investigator who seeks to avoid bias, finds himself at a disadvantage. He is debarred from making rash statements and he must expect his words to be turned and twisted regardless of their plain intent.

I must confess to a little feeling of regret that the lateness of the hour did not permit me the opportunity for rejoinder which was accorded to Mr. Olgin and Mr. Williams. My regret is not in the least a personal matter, but is due to a fear lest the failure to meet squarely certain statements of alleged facts, might leave in the minds of the audience some impressions concerning the Russian situation that are unjustifiable and productive of harm.

I am not greatly concerned over the misrepresentation of the character and aims of the patriotic Russian leaders, Kolchak and Denikin, or over the incorrect statements as to the causes that forced the former into the position of dictator at Omsk. These facts will in due time be made clear to all. What I am really concerned about was the entirely misleading view of the "Soviet" and the Soviet Government presented by Mr. Olgin and Mr. Williams, because if this view were to be accepted, the general conclusion would be unavoidable that the soviet was a Russian expression of democratic aspirations, cherished by the people, and gravely threatened by outside interference.

Such a view is most certainly not supported by the facts, and since it is the mainstay of the arguments of a group of writers in America who are not without influence, it should not be allowed to pass unchallenged. In the first place, let it be clearly understood that while "soviet" is a perfectly good Russian word, meaning "council," in its present sense it is not a Russian institution and is not representative. It has no connection with the "mir" or with peasant self-government. A study of the Revolution of 1905 and an examination of the writings of Trotsky (translated by Mr. Olgin) will disclose to anyone the origin of this alien institution and the deliberate purpose to use it as an instrument of minority government.

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It is true that after the formation of soviets in the industrial centers and in the army, the system was for a time extended to the peasants, but it did not last. The soviets were not honestly elected; they were largely self-constituted out of the rowdy and parasitic classes in the villages, and became a destructive, tyrannical and lawless force. The peasants soon began to rebel against them and drive them out. Lenin and Trotsky tried to stem the tide by appealing to the poorest peasants against the well-to-do, but in vain. The sending out of Red Guards to requisition the peasants' grain by force completed the breach. Everywhere the peasants have thrown out the soviets from the villages and restored the "mir" and its "skhod" or town-meeting. The word soviet is probably the most hated word in Russia today.

It was a beautiful picture that Mr. Williams drew with impassioned eloquence of the Russian peasant willing to die for the soviet institution, but it was wholly imaginary, as I fear were some of his other word pictures. The interpreter employed by him seems also to have been gifted with a vivid imagination. I should not be surprised if he bore a German name.

In spite of the brute power exercised by the Bolsheviks in Russia today, in spite of the vast loot which they have laid away or sent abroad, their real hold on Russia is passing. The disease has nearly run its course. Unless they can in the Spring enlist the vicious and lawless elements in the villages, the peasant population will overthrow them and their hated soviets.

What is to be feared is that the reaction that is now taking place in Russia may lead straight to an autocracy, an autocracy that, hostile to the Allies and America because of their failure to give help, will fall back on Germans for the work of reorganization and reconstruction. This is the danger that I attempted to point out in my address. I had no partisan theory to set forth, no plan of military intervention to uphold. My object was simply to set forth the incontrovertible facts of the present situation and beg that earnest attention be given to the problem lest we by inaction become responsible for another catastrophe.

Yours very sincerely,

(signed) JEROME LANDFIELD.

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A VOTE

OF THE NATIONAL COUNCIL OF

THE NATIONAL ECONOMIC LEAGUE

ON

INTERNATIONAL PROBLEMS

OF

RECONSTRUCTION

	No. of Ballots Cast 400	*Yes*	*No*
1.	**Should a league of nations be established (a) to further develop a system of international law;**	**363**	**17**
2.	**(b) to provide effective agencies for its enforcement;**	**341**	**27**
3.	**(c) to guarantee the peace of the world by a method which will provide for arbitration and public consideration of international disputes prior to declarations of war between nations?**	**362**	**14**
4.	**Should a league have a permanent court of arbitration?**	**350**	**16**
5.	**(a) Should the league of nations be composed of many nations?**	**272**	**68**
6.	**(b) Should the league of nations be composed of the five that have borne the brunt and burden of the struggle against autocracy—England, France, Italy, the United States, and Japan?**	**213**	**105**
7.	**(c) Should other nations be admitted to membership in the league of nations later?**	**306**	**22**
8.	**Should there be equality of economic opportunity for all nations enforced by the league of nations?**	**222**	**91**
9.	**Is the league of nations the proper instrument to use in checking Bolshevism and making the world safe for democracy?**	**230**	**82**
10.	**Will the proposed league of nations put the Monroe Doctrine in jeopardy?**	**89**	**226**
11.	**Should Germany be admitted to membership in a league of nations at once?**	**61**	**287**
12.	**Should free trade or at least tariffs for revenue only, prevail among the nations of the league of nations?**	**188**	**132**
13.	**Are the principles of the protective tariff compatible with the theory of the league of nations?**	**168**	**161**
14.	**Should a league of nations guarantee a popular form of government throughout its membership?**	**173**	**157**
15.	**Should the "victory program" of the League to Enforce Peace be made the basis of procedure in the effort to form a league of nations?**	**137**	**56**
16.	**Is there reason to modify the principle that each race shall have an independent political existence if it desires it?**	**103**	**196**
17.	**Is the sovereign right to maintain large armies and navies of more value to the various nations entering the proposed league of nations than permanent peace?**	**34**	**292**
18.	**Should the so-called rule of the proletariat be forbidden by the fundamental agreement or constitution of the league of nations?**	**115**	**151**

The purpose of the National Economic League is to create an informed and disinterested leadership for public opinion—a leadership that is free from any possible partisan bias or class interest and that will be accepted as representing simply the best thought of this country—and to provide the educational means of developing a public opinion that will respond to such leadership.

Its National Council includes in its membership (at present about twenty-seven hundred), presidents and professors of universities, judges, lawyers, bankers, merchants, manufacturers, farmers, labor leaders, etc. The aim, however, has been not so much to make it inclusive as representative of informed and unbiased opinion. Its members are nominated and directly elected from their own states with this end in view.

Any question or requests for further information regarding the League may be addressed to J. W. Beatson, Secretary, 6 Beacon Street, Boston, Mass.

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Vol. 4 No. 4

The National Economic League Quarterly

PUBLIC OWNERSHIP OF PUBLIC UTILITIES

Discussed by

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Editor "Railway Age"

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Before The Economic Club of Boston, February 17, 1919

PUBLISHED BY
THE NATIONAL ECONOMIC LEAGUE
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STATEMENT OF OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., OF THE NATIONAL ECONOMIC LEAGUE QUARTERLY AS OF APRIL 15, 1919.

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Known Bondholders.....*None*

J. W. BEATSON.

Sworn to and subscribed before me this 15th day of April, 1919.

ABRAHAM BLUMENTHAL,
Notary Public.

(SEAL)

CAUSTIC-CLAFLIN COMPANY
CAMBRIDGE

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Discussion before The Economic Club of Boston, February 17, 1919

ON

PUBLIC OWNERSHIP OF PUBLIC UTILITIES

Opening Remarks by

William H. Lincoln

(President of the Club)

Fellow members of the Economic Club of Boston: There are a number of momentous, most important problems to be solved by the people of this country. Old conditions have passed away never to return. We are living, as it were, in a new world. One of the most important problems is the one that has been selected for discussion this evening. As you know, it is the purpose of this Club to select speakers entertaining different views so that the subject may be presented from different standpoints.

The transportation interests of the country are vital to the prosperity, the material welfare, and the consequent happiness of the people. There are those who feel that the railroads have been unjustly treated by the Government and by public utility commissions. There is no doubt that there has been in the past over-capitalization, that enormous fortunes have been made by the issue of stock and bonds far beyond the amount expended. That has prejudiced the public as against the railroads and public utilities. The question now is whether the management shall be in private hands or in the hands of the Government. There are different views upon this subject.

When we consider the enormous sums of money that are invested by our life insurance companies, our savings banks, our charitable and educational institutions, in the securities of railroads and other utilities, we can see what vast interests are at stake and how the public themselves are interested that these securities shall have value.

It is contended that the Government alone can make these securities of permanent value, that the guaranty of the Government would give a value. We know that the railroads have suffered very greatly from lack of confidence; that they have been unable to raise the amounts of money necessary for the maintenance, not to mention the extension, of the property.

Now, we shall hear this evening views that will enable us, I trust, to form some opinion as to what shall be done. And I take pleasure in presenting to you the first speaker of the evening, Mr. Wilcox, who is an author and authority on public franchises. [Applause.]

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Dr. Delos F. Wilcox

Franchise Expert, Author

I maintain that public operation of the railroads or of a public utility will be successful if the people, and the government representing them, know what they want to do with the railroads or the utility. When the railroads were taken over by the United States Government it was for a definite purpose, a supreme driving purpose, in the face of great national peril. We had to win the war. We had to use the railroads to win it, and in spite of the criticisms which a good many people have made of the railroad administration during the past year, I am sure that there are few who would at this time deny that for the accomplishment of the purposes for which the railroads were taken over the administration has done well. The work that was done by the railroads under Federal administration during the winning of the war was a greater task than any of us would have thought possible only a few years ago.

In 1906 when the strike was threatened on the railroads of the United States, the nation looked upon it as an impending disaster, a calamity second only to the threatened calamity of war. It was only by the passage of the Adamson Act and the concessions made by the Government to the employees of the railroads that that threatened calamity was avoided. At the same time, in New York City, we had strikes on some of the rapid transit lines and on some of the surface lines; and the danger to the community from the paralysis of its business and the stirring up of social disorder was thought to be so great that, I think more than at any time before in the history of the country, attention was focused upon the necessity of providing some guaranty that would prevent strikes on public utility properties. Things went so far in New York that two separate plans were formulated by responsible bodies and brought out for public discussion. In the course of that discussion very rapid differences of opinion, especially as to the expediency, were developed, and before anything was finally concluded the war came on—our participation in it—and it was thought best to drop this question of legislation for prevention of strikes for the war period.

Immediately afterwards, however, the maintenance of continuity of service on the street railways of the United States, among other industrial undertakings, and the avoidance of the social disorders that are attendant upon great strikes, became a matter of primary national importance in connection with the prosecution of the war, and therefore what New York laid down the federal government took up, and we had in the one case the taking of the railroads for federal operation, and in the other case the establishment of the National War Labor Board to settle industrial disputes and prevent or mend strikes.

Following the assumption of Federal operation of the railroads, as you know, very great increases were made in the wages of the men, and the op-

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eration of the railroads was kept up to a high degree of efficiency for the purpose of the war—and without interruption. So far as the street railways were concerned, though there have been some sporadic strikes in the last two years,—in fact quite a number of them,—they have been generally of short duration and of very little importance.

A method was adopted by the National War Labor Board which effectively prevented or immediately cured street railway strikes. The board awarded to the men in some cases even more than they asked. The result is, we have gone through this period of great national stress successfully. We have had continuity of operation. But we have had it by paying a price that has brought both the railroads and the street railways of the country to a financial crisis. The crisis is less apparent so far as the railroads are concerned, so long as they remain under public operation with guaranteed rentals, but with the street railways the situation has become extremely serious and imminent.

Now we found in time of war that it was necessary that the public utilities to which I refer should go on, that there should be no interruption of service, and we adopted a method that for the time being at least was effective in bringing that about. But when the Government assumes the responsibility for preventing strikes by fixing wages and hours and conditions of labor, it thereby takes out of the hands of the private operators of public utilities one of the most important functions of operation. It deprives them of the control of one of the very largest elements of expense in operation. It assumes, therefore,—it must assume—the responsibility of saying that the revenues that are necessary to make good these expenses, which are placed upon utilities by governmental action, may be secured in some way or other.

Now, by assuming the responsibility for fixing the hours and conditions of labor and the wages to be paid, and by taking the responsibility for seeing that the burden is borne by those who can bear it, namely, the public, who furnish all the funds, and must furnish all the funds for the operation of the utilities that are operated for public benefit, we have killed one of the most important motives that have been relied upon for effective private operation. What do the men who run the railways in private hands care about wages and the cost of labor, if the government assumes the responsibility of fixing the wages and admits that having fixed the wages the increased cost must be passed on to the consumers or to taxpayers? In other words, as a result of the great necessity that was upon us, we have invaded the field of private operation and have taken over a large part of it, so that unless we go back, unless we say this interference of the government with wages shall be given up, unless we say that this passing on of the increased cost of labor to the public shall stop, we have assumed one of the functions of operation and we have assumed it without direct responsibility, in an indirect way, that makes it more difficult to be effectively administered than if we were ourselves operating the railroads or the utilities. Of course, this does not apply for the moment to the

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railroads because we *are* operating them, and it does not apply to the Boston Elevated Railway at all. The street railways and the railroads, we all know by this time, are absolutely vital to the welfare of the cities and of the country at large. Years ago, when utilities were first instituted, private capital went into them hoping to reap large rewards, and the public acquiesced, considering that these utilities would be for the public convenience. The railroads and street railways were established on a speculative basis. We said: "Go to it, and make what you can, within certain specific limits." As far as the railroads were concerned regulation was very inadequate. As far as the street railways were concerned the principal regulation was the limitation imposed by the five-cent fare.

Now, a great many years of experience has brought us to a better understanding of the function of the railroads and street railways. We all know, and recognize and say that these are public functions. From being mere conveniences they have become the greatest public necessities upon which the life and welfare of the cities and the nation depend. We cannot tolerate strikes. Why? Because the necessity of uninterrupted service is so great. Because the invitation to social disorder attending a street railway or railroad strike is so great. We have admitted and agreed a long time ago that it is intolerable that these functions should be operated by private companies except under rigid public control. When the public service commission movement spread throughout the United States, getting its big impetus in 1907, when New York and Wisconsin led the way, what was the purpose of the movement? It was to try one more expedient to see if we could not find some way of getting away from the necessity of doing our public business directly through public agencies. We were going to try commission regulation.

Now, from the standpoint of commission regulation what has happened —and this applies both to the utilities and to the railroads? Commission regulation is based upon the theory that these companies performing these public functions are entitled to a fair return upon the value of the investment, and that they are obligated to render adequate, safe, convenient service at reasonable rates. The speculative era in public utilities, railroads and street railways, resulted in the piling up of securities, many of which had no foundation in the value of the property. The public service commissions and the Interstate Commerce Commission were not given authority to correct that condition. They were not given authority to clear away the past and to start this thing over again upon a new basis. And so they have attempted to apply regulation to a business, as if it were different from what it really has been.

The problem of changing the speculative investment to a non-speculative one has been taken up by the commissions and has been bungled. They have been unable to accomplish that purpose. They have been unable to cure the evils of overcapitalization in most states. The result is that we have a patchwork. We have a great investment, a great business, in which

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money has been put on a speculative basis. We have reached the era when we all agree that the function performed by this property and by these agents is a public function, and that the speculative element is inappropriate in it. And yet we have adopted no effective means of getting that speculative element out.

If the commissions, as they sometimes do, find that rates are too high and attempt to reduce them, then the question comes up: "What will happen if, through economy and efficiency and energy and initiative, a particular company is enabled to make larger profits than the average company?" While the reward for these characteristics has been recognized to some extent, the whole tendency of commission regulation in so far as it has to do with the reduction of rates is to reduce them down to what will yield only a fair return; and then, if by economy and efficiency the companies are enabled to earn more, to reduce them again and penalize the companies for the very characteristics which they ought to be praised for if private ownership and operation are a good thing.

The result is that so far as public regulation has been effective in the matter of rates, it has tended to destroy the motive which is supposed to characterize private initiative in the operation of public utilities as contrasted with public initiative. We have attempted through the intricate and difficult process of control by regulation to compel the other fellow to act as though he were actuated by motives different from the motives by which he is guided. We have not faced the issues squarely. The real issue with respect to public utilities is this: Are they to be administered, are they to be constructed and extended and operated, primarily for profit, or primarily for service?

Now, those two motives, one characteristic of private initiative, the other characteristic of public initiative, are irreconcilable. You cannot have any scheme of partnership by which those two motives will go together, unless one is subordinated to the other. If you subordinate service to profit, we immediately read out of court those who maintain that public utilities are *public* utilities. If we subordinate profits to service, then the motive which characterizes private initiative is really killed, and again we have a situation the same as in the regulation of wages, where we are attempting to do by indirection a thing that can more easily be done directly.

Anybody who has followed the courts and the Interstate Commerce Commission and the public service commissions of the states, I believe, will agree that public success in regulation requires as much intelligence, as much technical skill, as much political wisdom, as much of all the high qualities that you may think of in statesmanship, as would be required for the direct operation of these utilities. And in that connection it is more expensive because we have a double agency. We pay the utilities for the same work that they did before they were regulated. We pay the commissions for regulating them.

The railroads have been taken over. The question now is, what shall we do with them? It seems to me that

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we ought not to turn them back. It seems to me that there are several very good reasons why we should not turn them back. Nobody is willing to have them turned back, and nobody is willing to take them, except on a different basis from the basis that they were on before. It is admitted on both sides that before they can be turned back to private operation, legislation must be passed that will effectively take away such elements of competition as we have in the past relied upon to prevent the development of an enormous monopoly which the people feared could not be controlled. We must pass legislation that will enable the railroads to become more powerful than they ever have been, trusting to regulation by the Interstate Commerce Commission, or by some other agency which may be established, to control them. The experience that we have had in the states is that they cannot be effectively controlled while at the same time we allow them that initiative, that incentive which is necessary in order to safeguard the honest investments and provide for their expansion, and for the performance of the public service which we need. Therefore, I oppose their being turned back, because, if we turn them back, we are going to make a more difficult problem of regulation than we have ever had before, and we have failed when we have tried it before.

In the second place, they are in no condition financially to supply the money which is necessary for the improvements which are required for the development of the next two years. Overcapitalization destroys credit, and you cannot leave it alone. The only way is to cure it and get rid of it; and the harder up the companies are, if by hook or by crook they are able to build up a little credit and get a little more money, it costs them a great deal more than their first money did, and then when we come to regulate we have to pay that higher cost. It is economically unsound to depend upon the railroads to supply the funds necessary for their development in the next few years.

In the third place, at the present time there is no valuation of the railroads, and the fixing of the value of the investment is a fundamental thing upon which all regulation depends, and it is absolutely impossible to devise any scheme that I know of by which we can launch out again on rate fixing through the Interstate Commerce Commission, or upon the regulation of the issuance of stocks and bonds until that fundamental factor has been established. The United States is making such a valuation. It was started in 1914, and the work is half completed. It is expected that within four or five years the work will be completed, and we will at least have that one fundamental fact ready to use, either as a basis for purchase if we go forward to it, or if it should then be determined to go back to regulation and private operation, as the basis for that.

Perhaps one of the greatest reasons why the United States should hold the railroads is this: We are facing a period of great unrest. The war has unloosed forces in the world, the strength of which we do not know. We do not know to what extent those

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forces may disturb our own country, and our future. Wages have been raised to such a point that operating costs are almost impossible with the rates which are established even now. If the railroads are turned back to private operation with no guaranty of their profits, they will have to pay these wages and there will be a tremendous financial pressure on the part of the investors to try to drive wages down. If any effort is made, any direct effort is made, to drive wages down, there will be a struggle between capital and labor, and we will be in for the biggest industrial disturbance that we have ever seen. With the railroad men and the street railway men of the United States fighting with their private employers and with these fights spreading everywhere during this period of unrest and disturbance, it may be that this one fact will be the turning point, the thing that will tell and determine as to whether or not this government in this country will be able to evolve instead of revolving. There is no doubt about the gravity of the situation. There is no doubt about the danger that confronts us, if we permit during this period the great transportation interests for any reason to be tied up and the business and life of the people to be paralyzed thereby.

Unity of operation such as cannot be successfully perfected under diverse private ownership is essential to the economical use of the railways and the development of the facilities we now have. We and all the world have been busy, as busy as we could be, for the last few years, in destroying our wealth. During the next few years we have got to be as economical as we possibly can be in the development of our resources, and in the use of the facilities which we have. We cannot depend upon competition and diverse interests with the loss of service and the demand for unnecessary capital, to follow their trend, if we are going to get through this period in good shape financially.

I have been reading lately the celebrated, or what should be celebrated, history of Tammany Hall by Gustavus Myers—the new edition—and I admit that I need to be a valiant defender of public ownership and operation to read the history of Tammany Hall and still stand by my guns. But in reading that book and in reflecting upon that history, my attention is called to this thing which I think is fundamental in this discussion of public ownership and operation: What is government for, anyway? The old idea was that government was for the benefit of those who governed, and we find that in the back of the brain of every man or nearly every one that opposes public ownership and public operation of public functions, is still lingering that idea that government is for the benefit of the governors, and that therefore we should have none of it. Now, whatever truth there may have been attached to that in the past, it is a conception that we cannot admit for the future. We have undertaken, and must undertake, through government, functions so complex, so difficult, so vital that it means the destruction of our civilization unless we make our government a government for the benefit of the governed, unless we make our government one that has a

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purpose in the general service of the community. Now, when the transportation industry is interesting, when we have defined our national purposes, when we have figured out and written up on the wall, where we can all look at it and remember it, the real function of transportation in the life and prosperity and welfare of this great nation, I am sure that we shall then be able successfully to operate the railroads as a public function.

Samuel O. Dunn

Editor "Railway Age"

I have listened with much interest to Mr. Wilcox's comments upon our system of regulation by commission in this country. This system was adopted to enable us to avoid both unregulated and uncontrolled private management and government management. I agree with Mr. Wilcox that it has not always produced satisfactory results either for the railways or the public. I don't believe, however, that a system which is as new as it is should be discarded because it has not produced all the results hoped from it. It has not been worked out in any other country in the form it has been here, it has produced different results in different part of our country, and I think we should give it a further trial.

Certainly, I dissent from his proposition that it would be as easy for the federal government successfully to manage all the large national public utilities, as to devise a system for satisfactorily regulating them. At the same time, I concur in his view that the railroads should not be returned to private operation without legislation for the improvement of our system of regulation. Everybody agrees that it has been defective. Numerous plans for its improvement have been presented to the Senate Committee on Interstate Commerce, including one prepared by the Interstate Commerce Commission itself. Any sound argument against government ownership must be predicated upon the assumption that we are going to improve our system of regulation, because I believe that unless we do improve it we shall sooner or later be driven to government ownership.

I wish before I turn to the subject of government ownership to suggest certain modifications in existing law which should be adopted in order to make our system of regulation satisfactory. First, the anti-trust and anti-pooling laws as they apply to railways should be repealed and the railways in the various territories should be authorized to make such consolidations and agreements as may not be prejudicial to the public, in the opinion of the Interstate Commerce Commission. That would not have the effect of entirely eliminating competition, because the Interstate Commerce Commission in the exercise of its supervision, would probably maintain much of it.

It would tend to rid us of a situation under which we have strong and prosperous roads and weak and poor roads, operating side by side, which render it impossible to fix rates which if they are not too high for the rich

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roads will not be too low for the poor roads. We must have some system of arbitration for the settlement of labor disputes in an orderly manner. We should have government regulation of the issuance of securities, for the protection of both the investor and the public.

One plan which is suggested provides that it shall be specifically made the duty of the Interstate Commerce Commission to so fix rates that the earnings of the railways shall be sufficient to enable them to develop their facilities. The need of developing railroad facilities is one which no one will question, and surely we have statesmanship enough to devise some method by which rates will be made high enough for that purpose, but not too high. If we have not, I despair of our ever making a success of private operation.

The question of government ownership has been transferred from the field of theoretical discussion to that of practical statesmanship. We have had a year of government operation. Under the law the railroads must be returned to private operation twenty-one months after the declaration of peace, unless Congress shall determine to the contrary. It has been suggested that in order to make a further test of government operation, legislation should be passed extending the period of government operation for five years. The adoption of that policy would mean government ownership almost as certainly as to adopt it now. At the end of the period the organizations of the individual railways would be practically destroyed because very many changes in important official positions on railroads take place in five years. Furthermore, the government would have to find a large part of the capital which would be invested in railroad facilities, during that period. The Government would wish to expend capital in such a manner as to unify the facilities of the various lines rather than to develop the earning capacity of individual lines. In that case the companies would have no incentive to furnish the capital. The Government would have to furnish it and at the end of five years we would have probably three or four billion dollars of government money invested in railroads and invested in a manner in which the private companies would not prefer to have it invested. It would be a very difficult matter then to disentangle the financial relations of the government and the companies and return the properties to the owners.

Now, what are the principal questions to be settled in determining whether from the standpoint of the public, government ownership is desirable. I think they are as follows:

First: Will government or private development and operation of the railways be more economical?

Second: Under which system will rates be lower?

Third: Under which system will the freight and passenger service rendered be better?

Fourth: Under which system will labor be treated more fairly in respect of wages and working conditions?

Fifth: What are the comparative effects which the two alternative policies would have on the politics of the country?

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Mr. Wilcox has said the railroads would be more economically operated under government ownership, and that we should go to government ownership because we require the utmost economy in the management of our industries during the period of reconstruction. I do not believe the record shows that government management is ordinarily as economical as private management. One of the arguments very commonly advanced in favor of government ownership is that the government can raise capital at a lower rate of interest than private companies. But it is very questionable if the average rate at which the government could borrow capital is more than one per cent less than the average rate which private companies have to pay. Furthermore, the amount of return that must be paid upon the investment in railroads, as in any other business, is dependent not merely upon the rate of interest paid, but also upon the amount of investment made in order to secure a given result.

Now, the statistics of railroads demonstrate that under comparable conditions governments almost always spend more to build and develop railroads than do private companies. Time will permit only a few examples to be cited in support of this statement, and I shall take them all from countries which, like our own, are new.

The wages paid by the railways in New South Wales, Australia, always have been substantially lower and in Canada slightly lower than in the United States. These, like the United States, are new countries. In 1916, the cost of construction of the state railways of New South Wales was reported as eighty thousand dollars a mile, and that of the government owned Intercolonial Railway of Canada as seventy-six thousand dollars a mile. The government of Canada recently built the National Transcontinental Railway at a cost, without equipment, exceeding eighty thousand dollars a mile. The average capitalization of the railways of the United States on June 30, 1916, was only sixty-six thousand three hundred and sixty-six dollars per mile, which is ten thousand dollars a mile less than the cost of the Intercolonial and fourteen thousand dollars a mile less than the cost of the railways of New South Wales, and than the cost of the National Transcontinental line in Canada. If it is a fact as asserted, that the railroads of the United States are greatly overcapitalized, they must have been built with very great economy [applause].

A far more important question is that of the relative expenses which would be incurred in operating the railways. It has been almost the uniform experience of the world that, with comparable operating conditions and volumes of traffic, the operating expenses of state managed railways have been greater than those of privately managed railroads. The advocates of government ownership always have had much to say of the efficiency with which the German railways have been operated. No fairer comparison can be made than between them and the five large privately-operated railways of France. I have had experience with the service of both, and in most respects the service of the

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French railways before the war was superior to that of German railways. Nevertheless, with lower average rates and a smaller volume of traffic, the expenses of the French railways were lower in proportion to their earnings than those of the German railways. The operating expenses of the private railways of Canada always have been relatively lower than either those of the state railways of Australia or those of the state-owned Intercolonial Railway of Canada. As to the railways of the United States, in spite of the fact that they have paid the highest wages in the world, their operating expenses have been lower in proportion to their volume of traffic than those of any other railways in the world.

It is even more significant that in almost every instance when railways have been transferred from private to government management, there immediately has been a large increase of operating expenses. In 1908 the French government assumed operation of the Western Railway, and in four years, while the earnings increased only twelve percent, its operating expenses increased fifty percent. Under private management, the ratio of the expenses of the Italian railways to their earnings in the five years 1900-1905, inclusive, was sixty-seven and one half percent, while after two years of government operation the ratio had increased to eighty-three percent. Within three years after the government of the United States acquired the Panama Railroad its earnings increased eighty-four percent, while its expenses increased one hundred and ten percent.

We have recently had a year's experience with government operation of railroads closer to home. In the year 1917, when the railways of the United States were under private operation, the operating expenses of large roads having a mileage of two hundred and thirty-three thousand miles were two billion eight hundred and fifty-eight million dollars. In the year 1918, under government operation, the expenses of the same roads were four billion six million dollars, an increase of one billion one hundred and forty nine million dollars, or over forty percent. It may be said this increase in expenses was due principally to advances in wages made necessary by war conditions. But according to the latest statistics the advances in wages actually paid with the year amounted to only five hundred and eighty-three million dollars. This leaves approximately five hundred and sixty-six million dollars of the increase to be accounted for. In 1917, the increase in the traffic handled was larger than in 1918, and there were large advances in the prices of fuel and materials, as well as substantial advances in wages. And yet in 1917, under private operation, the total increase in operating expenses was less than four hundred and seventy-five million dollars. Furthermore, the increase in expenses in 1917 was much the largest that had ever occurred in one year under private operation, and I especially call your attention to the fact that it occurred in a year during nine months of which the railways were being operated under war conditions, while there were only ten months of war in 1918. The advances in wages I have referred to

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are not all that are in contemplation. An advance of approximately one hundred million dollars in wages is yet to be given to the employees in train service.

I don't criticise because advances in wages have been made. Some advances had to be made. But under private operation when large bodies of railway employees made demands for increased wages, the managements usually declined their demands. The controversies which resulted were aired in the press. They usually resulted in arbitration; and the public hearings held before, and the reports made by, the arbitration boards, afforded information for judging of the merits of the points at issue. These mattters for the most part, have been handled differently under government operation. Last spring the director general of railroads appointed a Railroad Wage Commission to pass upon the claims of all classes of employees. It conducted investigations and public hearings and presented a report recommending advances in wages aggregating three hundred million dollars a year. These were made. Many employees complained that the advances they received were not sufficient. Another board was constituted composed of equal numbers of officers of the Railroad Administration and of the employees. The railway companies were not directly or indirectly represented. No public hearings have been held, so far as I know. No reports have been made setting forth fully for the information of the public the reasons for the findings made. And yet, on the recommendation of this board, additional advances in wages aggregating five hundred million dollars a year have been made, and a further advance of one hundred million dollars is still coming.

Under government operation, the railways are supposed to be managed solely in the interest of the public. Nevertheless, while under private operation, affairs were so managed that the public, to a large extent, knew what advances in wages were demanded and the arguments made for and against them; under government operation it has not had this information, and has had no opportunity to bring its sentiment to bear in the determination of questions of such tremendous importance to it.

It may be said that matters of this kind would be handled differently under government operation in time of peace. But in order to get questions of importance settled intelligently and in the interests of the public, you must get the issues involved presented fully to the public. Under private management this is done in railway wage controversies because the companies have an incentive to present one side of the case, while the employees have an incentive to present the other side. Under government operation it must always be vastly more difficult to get questions of this kind settled with due publicity and on their merits, because while there will be those who will have an incentive to present and press the claims of labor, there will be no one who will have the selfish incentive that the railway companies have had to oppose the claims of labor. The officers of the railways under government operation have not

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and never would have any such incentive. Obviously, public men who may be dependent upon the votes of railway labor for reëlection will not have it. Nobody will have it. Government operation renders it practically impossible to secure discussion and settlement of those important railway labor questions upon their merits.

Why has there been a relatively larger increase in operating expenses during the past year, in addition to advances in wages, than there was in 1917? The principal explanation is that government operation has reduced the efficiency of officers and employees. This is not said in any spirit of criticism of the former director general of railroads, or of the railway officers who have composed his staff and have been directly in charge of the operation of the various lines. Director General McAdoo honestly adopted the system of consolidation which the advocates of government ownership always have favored. He believed, as they did, that under it, greatly improved results would be obtained. He did not estimate, as did an advocate of government ownership who testified before the Newlands Congressional Committee two weeks before government operation was adopted, that it would produce economies in operation amounting to four hundred million dollars a year. Mr. McAdoo did, however, believe it would result in large economies. Testifying before the Senate Committee on Interstate Commerce on January 19th, 1918, he said: "So I hope that large economies may be practised. How far they will be offset by increased cost of material and increased cost of labor, I do not know; but perhaps one hand will wash the other—I hope that such economies may be effected as will prevent deficiencies, and I even hope that a surplus may result from government operation." He carried out his plan of unification with great energy and ability. He got most of the able railway men in the country to stay in his organization and render loyal support.

In spite of these things, almost every statistical unit which can be employed as a measure indicates that the railways were operated less efficiently in 1918 than in 1917.

It is a notable fact that this decline in efficiency occurred in spite of the fact that the Railroad Administration was not hampered by any of the restrictions by which the railway companies had been embarrassed. It was not subject to the laws empowering the shipper to route his own freight and prohibiting consolidations and agreements between parallel roads, or by government freight preference and priority orders. In order to expedite the loading and unloading of cars by shippers, it was able to make and did make much higher of demurrage charges than ever had been made before.

You may say that these are merely the conclusions of one who is biased against government operation. Permit me to read to you some views expressed by a man with long experience as general manager of a system of state railways. The railways of South Africa are owned and operated by the government. Two years ago, a State Mining Commission was created to

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consider the question of the nationalization of the mines of that country. It called as its principal expert witness Sir William Wilson Hoy, General Manager of Railways and Harbors. Sir William presented an elaborate statement in which he reviewed the results of government operation of railways throughout the world. The following are some quotations from his testimony:

"There is undoubtedly a tendency toward over-centralization and rigid uniformity on state railways . . . Over-centralization destroys initiative and resource, and if carried to excess tends to cripple a large organization. Staff control and discipline in a state concern are so bound up by regulations as to create greater difficulties in handling the staff (employees) than are experienced under private management . . . In state concerns, it is not easy to deal with the man who, while not doing an honest day's work, carefully steers a course which keeps him within the regulations. There is not in state concern the same elasticity in the control of staff (employees) as in private organizations . . . With regard to promotion and regard for good work, considerations of seniority play a greater part in a state than in a private concern. If seniority be made the sole factor in determining promotion, one of the main incentives to efficiency disappears, and the service suffers accordingly . . . Where a large body of men, such as a railway staff, is employed directly by the state, there is a danger of their enlisting the efforts of legislators to secure better wages, shorter hours, improved conditions, etc. The enforcement on the management by parliamentary interference of changes in staff conditions demoralizes the entire railway service, impairs discipline, prevents good relations between the staff and the management, destroys economical operation and in every way is to be greatly deplored."

It would be difficult to give a better enumeration of the specific reasons for the decline of efficiency on our railroads than is contained in this summary of Sir William Hoy's several conclusions. We have had the very over-centralization of management and the consequent destruction of the initiative and resource of those in direct charge of the operation of the various lines which he mentions as being characteristic of government operation.

Government operation has had the very effect of breaking down discipline among the employees to which Sir William Hoy refers. The Federal manager of an individual railway is charged with the responsibility of getting result on it, but the effect of over-centralization is to cause all of the favors granted to employees to be bestowed at Washington. Furthermore, it has caused numerous inspectors to be sent out from Washington who have gone over the heads of the federal managers and the other high officers of the railways direct to subordinate officers and employees. These things undermine the respect of the men for their superiors and, as Sir

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William Hoy says of parliamentary interference with a staff conditions, they demoralize the entire railway service, impair discipline, prevent good relations between the staff (employees) and the management, and destroy economical operation.

Sir William Hoy said "there is nothing inherent in state organization to prevent adequate decentralization, but the tendency certainly is toward over-centralization." Personally, I believe over-centralization is inevitable under government ownership. Under any system of management differences will arise between the railways and their patrons and employees. When the railways are owned by several or numerous companies, most of these differences will be settled locally. On the other hand, when the railways are all operated by the government, every difference between them and their patrons or employees, however small, which is not settled entirely satisfactorily, will be appealed to the central governmental authority. The central authority will pass upon most or all of these appeals. The more of them it hears and passes upon, the more appeals to it there will be; and every action it takes in an effort to remedy the conditions which cause the appeals will tend to cause centralization, and over-centralization will always tend to produce inefficiency because, as Sir William Hoy says, it destroys the incentive and opportunity of those in direct charge of the operation of the various lines to exercise initiative and enterprise.

Some advantage was derived during the past year from centralized control of operation. But even last year, when the roads were operated chiefly for war purposes, the advantages of centralized control were offset by disadvantages resulting from the destruction of the initiative and freedom of action of the officers of the various lines. The effects of these disadvantages would be much greater and more apparent under normal conditions in time of peace.

The conclusion from all the evidence must be that the operation and needed development of the railways would be much more expensive to the public under government ownership than under a policy of operation by a sufficient number of companies to maintain competition in service and emulation in efficiency of management.

Any fair comparison of the rates charged by the state and private railways of the world before the war must lead to the conclusion that under comparable conditions, the rates of private railways were, as a whole, lower than those of state railways. This was a direct result of their lower cost of operation. The average passenger rates of state railroads often have been lower than those of private railways; but these averages do not allow for differences in density of traffic and in the character of the service. The average passenger rate of the German state railways was much lower than that of the railways of the United States. But their average passenger rate was so low, first, because the density of passenger traffic was over five times as great as in the United States; and second, because over eighty-five percent of the passengers traveled third or fourth class in very poor cars in which many of them

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could not get seats, and in which there were only wooden benches for those who did sit. The average first class passenger rate in Germany before the war was 2.9 cents. This was higher than the average passenger rate in this country, with the cost of a berth in a sleeping car or a seat in a parlor car added. The rates for all three classes of service on the private railways of France were lower than the rates for the corresponding classes of service in Germany.

As to freight rates, it is indisputable that, under comparable conditions, they have almost invariably been lower on private railways than on state railways, and prior to the advances made last year, the average freight rate per mile in the United States, in spite of the higher wages paid here, was lower than in any other country in the world except India.

I do not criticize the advances in rates which have been made under government operation in this country. It is, however, proper and fair to emphasize the facts, that advocates of government operation have contended it would result in large reductions of railway expenses and rates; that these large advances in rates were made necessary by increases of expenses which occurred under government operation, in spite of the large economies which it has been claimed could be practised under that system; and that therefore it may be wise to look askance upon claims and predictions now being made and which in future will be made, regarding the economies which could and would be affected and the reductions in rates which could and would be made under permanent government operation.

The government incurred a deficit of over two hundred million dollars in the operation of the railroads in 1918. The advocates of government ownership have contended that, under that policy, the profits earned by the railroads would go into the public treasury. Opponents of that policy have pointed out that government ownership in most countries has resulted in deficits that the public has had to pay in taxes; and it has been predicted that this would be the result in the United States. The very first year of government operation vindicated this prediction in spite of larger advances in rates than the railway companies had ever asked for. The former director-general recently estimated that, on the basis of present expenses and rates, a surplus should be earned in 1919. After having carefully studied the statistics of earnings and expenses for the last year, and especially the last six months, I confess I am unable even to conjecture upon what information he based this conclusion.

With respect to deficits, the United States is having the same experiences with state management that most countries do.

Is there any good ground for believing that, under government operation, the passenger and freight service rendered to the public would be better than under private operation? Certainly experience affords no ground for any such belief. Our passenger service under private operation has had shortcomings, some of them serious; but, considering the condi-

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tions under which it has been rendered, it has been, on the whole, the best in the world. You will seek in vain in Europe or elsewhere for comforts and luxuries equal to those our passenger service affords. How can anybody expect that a centralized government system, which would get all the business available regardless of the kind of service it rendered, would try as hard to satisfy its customers as would a large number of privately managed railways, each dependent for the amount of money it made upon the kind of satisfaction it gave its customers?

It may be contended that recent experience at least shows that railway employees will be better off under government than under private operation. The interest of the public as well as the employees must be considered, however. The developments of the past year have forcibly brought home to the public the fact that it is not the large capitalists who are mistakenly supposed to own the railways who bear most of the increased expenses caused by advances in railway wages.

It is plainly to the interest of the public, not only that the employees shall be paid all they are entitled to, but that they shall not be paid more than they are entitled to. For reasons I have indicated, it is easier to have the determination of what they are entitled to receive made in an orderly, public and fair way that will adequately safeguard the interests of the public, under private than under government operation.

Looking at the matter from the standpoint of the employees, it is very far from certain that they have more to hope from government than from private operation. They have received larger advances in wages within the last year, under war conditions, than ever before. But if we revert to the period before the war, we find the evidence shows that, while the state railways of the world usually employed more men to handle a given amount of traffic than did private railways under comparable conditions, it was not true that state railways ordinarily paid higher wages than private railways. In respect to both wages and working conditions, the employees of our railways were better off than those of almost any system of state railways.

Looking to the future, if our railroads are to be returned to private operation, there should be, and probably will be, established some system for the adjudication of differences between railways and their employees under which the merits will be fully considered, and public opinion and representatives of the public will have the deciding vote. On the other hand, if government operation is continued, the entire subject of wages and working conditions is likely to be thrown into the maelstrom of political struggles. Now, as American citizens, would railway employees like to see their wages and working conditions become the subject of incessant political squabbling and fighting? Regarding the matter from the standpoint of their selfish interests, can they feel any confidence that in the long run they would gain more by having their wages and working conditions settled in this way than by having them

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settled by conferences with the managements of the railways, and, if the conferences failed, by orderly arbitration? The efficiency of railway labor and of railway operation under government operation undoubtedly would be lower than under private operation, and in consequence, expenses would be higher. Therefore, the resistance of the public to advances in wages might be greater in the long run under government than under private operation. Railway employees under government operation would be a strong political force, and they might be able to hold the balance of power between the great political parties. But if they carried matters with a high hand, they probably would find they would array a large majority of the public against them. In that event, they might find that, instead of government operation working to their advantage, it would be used to repress and even oppress them.

These considerations bring us to what is probably the most important point to be determined in passing on the question of Government ownership. What would be its effects upon our politics and government? No one familiar with our railway history needs to be reminded that the railway corporations once exercised a potent and malign influence upon our state and national politics. But the political influence of the railway corporations has been almost completely destroyed. This is demonstrated by the many restrictive laws which have been enacted for their regulation. Under government ownership, not only would the question of the wages and working conditions of the employees be thrown into politics, but also questions affecting appointments and promotions to official positions, and expenditures for operation, maintenance and improvements. Under the existing railroad control law, the President of United States has autocratic authority over the operation of the railways. He delegates this to the director-general. Even though the director-general should nominally be allowed to continue to possess his present autocratic authority, it would be but a short time until he would be subjected to enormous pressure to make appointments and expenditures for political rather than business reasons. If Congress should begin to take more of a hand in railway affairs, the temptation of many of its members to use their power over the Railroad Administration to further local and sectional political purposes would be irresistible. In short, under government operation in time of peace, it would be impracticable to keep the railways out of politics or politics out of the railways; and it is impossible to exaggerate the seriousness of the effects upon our national life which might be produced.

The alternative policies which are available are not unregulated and uncontrolled private ownership and management, or government ownership and management. The alternatives are regulated private ownership and management, or government ownership and operation, for so long as we have private operation, we shall have government regulation. If we cannot feel a reasonable confidence in our ability to devise and carry out a wise, constructive and successful

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policy of government regulation, on what basis of experience or reason can we found even a hope, much less an expectation, that we could and would perform the much more difficult task of devising and carrying out an intelligent and efficient policy of government management?

John Martin

Publicist, Author, Lecturer

Since the question of the management of railroads is vital to the well-being of the nation and is forced upon the nation for decision in the immediate future, I shall follow the example of Mr. Dunn and purposely confine my attention to that issue, ignoring the matter of the municipal ownership of the electric light systems, waterworks, and the like; because, while it may be a perfectly insignificant matter to the outside world whether Squeedunk Corners operates its own faulty electric light plant or not, it is of concern to the whole nation to decide wisely within the next few years how it shall continue to control its national railroad systems.

Mr. Dunn has correctly stated that the choice that the United States must make is not between purely unregulated private ownership and management, but between regulated management under private ownership and complete government ownership and operation.

Up to the outbreak of the war this country attempted to control its great transportation system by a combination of compulsory competition and commission regulation. Compulsory competition was insisted upon so lately as October, 1914, when, in the Clayton Act it was enacted that no railroad should be permitted to purchase stock in another railroad when the result would be substantially to reduce competition.

The Interstate Commerce Commission in December, 1917, while advocating that, as a substitute for direct operation of the railroad lines, the restrictions of the Sherman Anti-Trust law should be abrogated, yet declared that the railroads should not be permitted to buy up parallel and competing lines. The hope lingered in the Commission as it has in Congress and throughout the country, that it might be possible by compelling the railroads to compete with each other, to get the benefit of reduced rates and improved service for the community. At the same time we have had the State Commissions in almost all the states, and the Federal Commission, entrusted with the power of regulating rates, so that now the railroads' executives themselves state that they admit that regulation must be continued and strengthened.

With regard to one great function on which Mr. Dunn has laid stress, the fixing of wages for the million and three-quarters of railroad employees, the railroad executives themselves, through their committee, have practically thrown up their hands in despair and say: "We ask that the Federal Government shall assume the responsibility of fixing wages and conditions of labor."

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And let me point out here the bearing which that has on one of the major criticisms which Mr. Dunn made upon the dangers of Government ownership. He stated that the railroad employees would naturally get into politics. They would constantly agitate for the increase of their wages. Increased wages means enlarged expense of operation, and he stated that under government ownership there was usually higher wages under analogous circumstances than under private ownership, and that the danger of political influences causing wages to be abnormally increased would have to be faced under government ownership. But the railroad executives themselves now demand that the Federal Government permanently take the responsibility of fixing the wages of the railroad employees. And therefore whatever danger under government ownership might accrue from the exercise of that power is bound to accrue under any circumstances under the terms requested by the executives themselves.

The regulation has been of some advantage, although it was as strenuously opposed at the beginning by recognized authorities as government ownership is now opposed.

Mr. Hines, the Director General, says that he once thought that all regulation was superfluous and harmful, but closer consideration of the subject has proved to him that regulation is desirable, essential and valuable. Yet the amount or regulation that we have had has satisfied nobody. The railroads themselves find that under regulation the credit of the roads has been destroyed so that it has been impossible for the last five or six years to procure from the investing public the sums with which to develop and improve the railroad systems. The wage earners have been dissatisfied because they declared with truth for a long time that the restrictions of rates by the commissions prevented the railroads from paying them adequate wages. The shippers are dissatisfied. Perhaps the shippers never would be satisfied. It is hardly in human nature that when you have an enormous business to do with the railroads that you should be entirely satisfied with the prices charged to you for the service; although undoubtedly the shippers have been much better satisfied than they were under the old conditions of no regulation. No doubt the security holders are not satisfied nor fully protected; and the general public, at various times during this period of partial regulation, has been up in arms against the abuses which were being practiced, resulting in the robbery of security holders and the destruction of great railroad systems.

Amongst the dangers of partially regulated, as well as unregulated, private ownership are practically all those that have been referred to by Mr. Dunn as coming under government ownership. I should need the whole night if I were to portray adequately the evils of political control by the railroads, the way in which the railroads have been in politics debauching whole states and whole legislatures. I should need the whole evening to recount adequately the looting of railroad lines, the destruction of their efficiency to such an extent that in more cases than one the

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Interstate Commerce Commission have sent inspectors who could go along the right of way and find the ties so rotten that they could tear up the spikes with their naked hands. And the rails were sometimes found to be so frail that accidents not only had happened but were bound to happen again unless the most stringent measures were taken against the private owners. Therefore, I will content myself by reading an extract concerning a system with which you in Boston were painfully familiar. I mean the New Haven system. Recall if you can, and I will recall for you (in the judicial language of the Interstate Commerce Commission, not trusting myself to use the correct adjectives or to keep cool should I attempt to put it in my own words.) What was that testimony? Mind you, under the period of partial regulation.

> "The New Haven system," says the Commission, "has more than three hundred subsidiary corporations in a web of alliances with each other, many of which were planned and manipulated by lawyers expressly retained for the purpose of concealment. The results of our research into the former management and the workings of this system have been to disclose one of the most glaring instances of maladministration revealed in all the history of American railroading."

Not in the past generation, mark you, but within the easy memory of the youngest person here, a year or two ago, immediately previous to the outbreak of the war.

"In the ten years from June 30, 1903, this capitalization was increased from ninety-three million to four hunderd and seventeen million dollars, exclusive of stock premiums, or an increase of three hundred and twenty-four million dollars. Of this increase approximately one hundred and twenty million dollars was devoted to its railroad property and was expended for betterments and equipment. This leaves the sum of two hundred and four million dollars which was expended for operations outside of its railroad sphere. Through the expenditure of this sum this railroad system has practically monopolized the freight and passsenger business in five of the States of the Union. It has acquired a monopoly of competing steamship lines and trolley systems in the section which it serves. The financial operations necessary for these acquisitions, and the losses which they have entailed, have been skillfully concealed by the juggling of money and securities from one subsidiary corporation to another.

Marked features and significant incidents in the loose, extravagant, and improvident administration of the finances of the New Haven as shown in this investigation are the Boston & Maine despoilment; the iniquity of the Westchester acquisition; the double price paid for the Rhode Island trolleys; the recklessness in the purchase of Connecticut and Massachusetts trolleys at prices exorbitantly in excess of their market value; the unwarranted expenditure of large amounts in "educating public opinion"; the disposi-

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tion, without knowledge of the directors, of hundreds of thousands of dollars for influencing public sentiment; the habitual payment of unitemized vouchers without any clear specification of details; the confusing interrelation of the principal company and its subsidiaries and consequent complication of accounts; the practice of financial legerdemain in issuing large blocks of New Haven stock for notes of the New England Navigation Company, and manipulating these securities back and forth; fictitious sales of New Haven stock to friendly parties with the design of boosting the stock and unloading on the public at the higher 'market price'; the unlawful diversion of corporate funds to political organizations;—"

not under government ownership, you will notice.

"the scattering of retainers to attorneys of five States,—"

I think the attorneys would be worse off under government ownership.

"who rendered no itemized bills for services and who conducted no litigation to which the railroad was a party; extensive use of a paid lobby in matters as to which the directors claim to have no information; the attempt to control utterances of the press by subsidizing reporters; payment of money and the profligate issue of free passes to legislators and their friends; the investment of four hundred thousand dollars in securities of a New England newspaper; the regular employment of political bosses in Rhode Island and other States,——"

not under government ownership,—

"not for the purpose of having them perform any service, but to prevent them, as Mr. Mellen expressed it, from 'becoming active on the other side'; the retention by John L. Billard of more than two million seven hundred thousand dollars in a transaction in which he represented the New Haven and into which he invested not a dollar; the inability of Oakleigh Thorne to account for one million thirty-two thousand of the funds of the New Haven intrusted to him in carrying out the Westchester proposition; the story of Mr. Mellen as to the distribution of one million two hundred thousand dollars for corrupt purposes in bringing about amendments of the Westchester and Port Chester franchise; the domination of all the affairs of this railroad by Mr. Morgan and Mr. Mellen and the absolute subordination of other members of the board of directors to the will of these two;—"

I ask the gentlemen whether they can find anywhere in the record of the seventy-two countries of the world that have whole or partial government ownership of their railroad systems, a single record paralleling in the slightest degree that catalogue of enormities perpetrated under the aegis of the high pontiff of finance.

Of course government ownership and government regulation will not be blameless. But we are not to choose between a blameless, non-political, efficient private management, and a public management with some dangers. We have to choose between

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a management which, right up to the outbreak of the war, was rotten with such instances as this which the Interstate Commerce Commission details after a prolonged judicial inquiry.

Now, Mr. Dunn says we must have more regulation. Mr. Dunn, I believe, admits, certainly others do, that in the attempt to cure part of such nauseous processes as these we must have Federal supervision of the issue of railroad securities, and when you have got all that, when you have got the Interstate Commerce Commission fixing rates, when you have got the Federal Government fixing wages and conditions of labor, when you have got the Federal Government supervising the issue of railroad securities, pray, in Heaven's name, how much private ownership and management endures? All that is left that I can see is that the private banking directors will have the right to appoint the superintendents, and the promotions within the company will be made by them, subject always to the trades union regulations of the Four Brotherhoods. Along with that what do you get? With that pseudo-private ownership and management remaining, what do you get? A persistent conflict of interests. The railroad executives, request that Congress direct the Interstate Commerce Commission to fix freight rates at a level which will enable them to procure further capital for the development of the systems and which will supply adequate returns upon the railroad securities.

But the whole problem is, What is adequate return and upon what shall the return be made? The Interstate Commerce Commission thus far has heard that plea repeatedly, and it has replied, for example, in one case, by saying: 'We found in the New York Central Railroad's capitalization fifty-seven million dollars for which no money had been paid into the railroad treasury and upon which dividends amounting to one hundred and twenty million dollars have been paid out, and in fixing rates we cannot close our eyes to such bits of history. Upon what shall the return be made? Upon eighteen to twenty billions of railroad securities out, or upon the physical value of the railroad properties? If you can answer satisfactorily that question, for the sake of regulating rates, you have also answered satisfactorily the most difficult and the most important question concerning government ownership. Mr. Dunn, I believe,—at least, the *Railway Gazette,* advocates that a return of five and one half percent shall be guaranteed That is to say, that the rates shall be fixed so as to supply five and one half percent. Mr. Warfield, for the bondholder, says six percent. The railroad directors say: "An adequate return." Mr. Paul Warbury says: "A moderate retutn not exceeding six percent on the stock." But the State Commissions and the Interstate Commerce Commission will always be under the influence of the popular atmosphere. The complaint of the railroads is that these Commissioners have been unfair. Have been too unsympathetic. And Mr. Dunn says, quite truly, that if the regulation be not satisfactory in the future, government ownership is inevitable.

In no country in which it has been tried has government regulation

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proven satisfactory in that sense. The railroad commissions represent the public. They are antagonistic, almost necessarily, to the private corporations. There is no community of interest between them. The public is becoming more and more radical. Corporation baiting, if you like to describe it by an epithet, is bound to continue and to increase. At least it has in other countries, and I don't think this country will be an exception to the rule; and the rates which are fixed will inevitably be declared by the railroad management to be insufficient.

Further, why should the shippers pay rates which are to cover all the costs of the railroads, regardless of the honesty, the ability, the wisdom, the far-sightedness with which the railroads are managed? The shippers will never consent permanently to any such arrangement. And therefore, sooner or later, not immediately I expect, we shall be driven in this country to do as they have done in every other country, to escape the evils of a regulation which means, under private ownership, strangulation, and procure progressive management and development through the assumption of complete responsibility by that government which is already exercising three-fourths of its control.

Look at a simple case and you will see how impossible intensified regulation and satisfied and progressive private ownership must be. Suppose you had a hotel here and the licensing authorities should say to the hotel management. "We will fix the rates that you can charge for all your service in your restaurant, and in your bar . . . We will fix the wages that you must pay to all your employees . . . We will determine when you may put fresh capital into extensions of your premises, for reconstructing your kitchen or dining-room and you, the private management, shall do the rest." Wouldn't any hotel proprietor say, "If you fix my rates, If you fix the wages, If you fix the capital expenditures, confound it, you come in and run the whole business and take the responsibility for the whole thing." And that is exactly what we shall have to do with the railroad systems. If I were a large railroad security owner, like some of these gentlemen at the table, for my own protection I should insist upon that course of action. I can see that along the other line the pressure for wages going up will inevitably increase, the pressure for rates coming down will inevitably increase, and the security holders will be ground between the upper and the nether millstone.

But it will be retorted: "Better to bear the ills we have than to fly to others that we know not of." Mr. Dunn has painted rather a gloomy picture of what happens under government ownership. But in the countries which have tried it, these evils are never so apparent as they seem to be in a country three thousand miles away, for I do not believe there is a case on record where any country has gone back from public ownership and operation of its railroad system to private ownership and operation. And remember, outside of the United States, two-thirds of the railroad mileage of the world is government owned and operated. The only other country besides the United States that

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has had private ownership and management up to the outbreak of the war, a country of importance I mean, was Great Britain, and within two days Mr. Winston Churchill has announced that the policy of the Government of Great Britain is to take over complete ownership of the lines as it already had during the war their complete management. The Chairman of the British Railroad Executives said: "It is unthinkable that the railroads can be handed back to the condition of competition and regulation" (which was strangulation from his point of view) "which obtained before the war." And the sentiment in Great Britain is thoroughly in favor of government ownership now, after their years of tribulation and their attempt to enforce a policy which we are proposing to continue with greater accentuation. Their experience has led them to believe that along with responsibilities for rates, wages and securities must go responsibilities for ownership of the whole system. And, believe me, gentlemen, the experience of government ownership in these other countries is not so disastrous as to give us long pause.

Now, it is almost gratuitous for me to cite facts in opposition to the facts which Mr. Dunn stated. It is a question, then, simply of the authenticity of authorities, isn't it? But I thought it was admitted that the rates on the Belgian state railroads, for example, were notoriously the lowest rates in the world. The rates on the Belgian Railroads are lower than the rates on the adjacent and, in all respects analagous, railroads of northern France under private ownership. The service, comparing adjacent districts, is stated by authorities which appear to me to be authentic, to be superior in Belgium. The proportionate operating charges are higher because under Government ownership, except in Prussia, it is always the rule that rates shall be kept down so as to give the advantage as far as possible to industry and commerce in reduced rates, rather than in the earning of high profits.

The best authority I know for comparing the Prussian and the United States roads I will admit has been tainted by the fact of the war. But before there was any conflict a Prussian Commission of eminent railroad magnates visited this country to get data, to get tips, and make comparisons in rates. Now, it is very difficult to do that between diverse countries. Conditions are never quite the same. For instance, Prussian railroads carried the small freight which we send by express, which would necessarily increase very much the tone-mile rates there. Their hauls are all much shorter than our magnificent distances allow. But, in concluding and summing up, after making allowance for express and mail, freight, etc., the German Commissioners concluded that a proper figure for our average freight rate would be 1.44 cents per ton mile, while the figure for the Prussian Roads would be 95/100c. per ton mile.

Mr. Dunn says in this country we have tried Government operation for one year and our cost of operation increased by half a billion dollars. He says nothing about the relative amount of work that was done for that half a billion dollars. He says nothing about the fact,

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notorious to every employer of labor, that as the most skilled labor was drawn off for the army, 1918 was the most expensive year for operating factories of all kinds in this country that has ever been faced. I am confident that every man here will admit that never were costs for all kinds of manufacturing so high as they were in the last year, 1918.

But there was a deficit under government operation of two hundred and two million dollars—or was it two hundred and three million dollars? Why was that? Wage increases granted in consequence of the increased cost of living had to date from January first. The increased freight rate came only from July first. In the six months of those increased rates they produced an additional six hundred million dollars, as I recall. Had they been in effect for the whole year, therefore, the half a billion of increased operating expenses would have been more than covered and there would have been one hundred million dollars to spare.

Then, the fear is expressed that under Government ownership and operation we would have a condition of Chinese stagnation, and that has so often been said without attempt at proof that probably everybody supposes it is true. I have not the time to elaborate, but I ask you without prejudice to look at the work of the United States as a whole, and tell me has the United States Government work been characterized by stagnation and unprogressiveness? The Panama Canal was built by the United States Government. Was its construction marked by stagnation and unprogressiveness, or did we accomplish there one of the wonders of the engineering world? One of the greatest industries which the United States has operated is the United States Navy. Will anyone tell me that the United States Navy is marked by Chinese stagnation and unprogressiveness? Or do we not truly boast that under the Navy, Government-owned and Government-operated, we have the most up-to-date piece of machinery that floats the ocean?

Last year the United States Government undertook the creation of an enormous army. We got two million boys on the fighting line in France, all Government owned, and Government managed; and was there any evidence of a Chinese stagnation and inefficiency and unprogressiveness about that army? Or was it not true that on the fields of Flanders and in the Argonne Forest our fighting force demonstrated that under Government preparation and under Government control a great human organism could be created such as has never been approached in the history of the mercenary forces of the world? [Applause.]

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Prof. William B. Munro

Professor of Government, Harvard University

Mr. President and Gentlemen of the Club: I don't know why I should have been asked to join in the discussion this evening, unless it be, as one of the speakers has said, that public ownership used to be regarded as an academic question. I know very little about the cost of railroad operations per ton mile. Some years ago an expert from the Carnegie Foundation came to Harvard and figured out the cost of our instruction per ton mile [laughter], or per student hour, or on some other basis. To our interest and amusement he demonstrated that if we could cut our salaries to zero and increase the number of our students to infinity we would be a model of business efficiency. [Laughter.]

The textbooks used to tell us that there were three ways of dealing with public utilities. The first was to let their problems be solved by competition. That was an absurdity. It is surprising that sensible men should ever have hoped for any ultimate gain from competitive public services operating in the same area; but this delusion spread widely, and some communities paid very dearly for their allegiance to it. Telephone and telegraph and lighting companies are natural monopolies and neither by law nor by ordinance can they be made anything else. Competition which operates to give us low prices in other fields of industry is inoperative here, for it means a duplication of plant, equipment and overhead expenses.

Eliminating competition, there are two other possibilities. One is private ownership with public regulation. But we are told that public regulation has failed. Many forms of public endeavor are failures in part, however, and the real question is how much of a failure are they? Not long ago, in a gathering something like this, a speaker remarked that the American college was America's second greatest failure. Well, I like to have people state their criticisms of the college in that form, because everybody at once begins to wonder what the first greatest American failure can be, whether it is Mr. Bryan as a diplomatist, or California as a Republican state, or what it is [laughter]. And in puzzling over this conundrum they forget all about the initial criticism.

The real question, therefore, is: Has public regulation proved itself a great and conspicuous failure, or only a partial failure? And if the latter, for what reason? I think we can safely say public regulation has not been a conspicuous success anywhere, but the reasons for this are very largely, it seems to me, reasons that are inherent in governmental operations. We know that in Massachusetts we have had a great deal of successful public control over local utilities. We know that the old Railroad Commission and the new Public Service Commission have done a great deal for us in the face of serious obstacles. We know that the Massachusetts Gas and Electric Commission has achieved rather noteworthy success on more than one occasion in protecting the public interest, and we are in-

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clined to believe that if we could have regulation of telephone rates by our own state authorities rather than by mandate of the federal government we would have better service and lower rates than we are getting in this community today. [Applause.]

We know at any rate what the situation is in our own municipalities. Public regulation in Massachusetts has not always failed. And where it has fallen short of success what has been the reason? The difficulties for the most part can be laid to factious legislative interference. Our Public Service Commission and other Commissions have not been let alone. Conflicting interests have gone directly to the legislature in the endeavor to tie their hands. They have tried to dictate, on one side or the other, the appointment of commissioners favorable to themselves. If you look over the country you will find that where public regulation has failed, this failure has been due in not a few instances to legislative interference, to the appointment of politicians on public service bodies, to the paying of political debts at the expense of public service corporations, and that the trouble after all comes back to the general defects of our governmental system.

On the other hand you will find that public regulation has been and can be a distinct success in some fields. We have had it in banking. The governments of the country, state and national, regulate the banking of the country. The states regulate a large part of the banking within their jurisdiction, and their regulation has been on the whole a marked success although this is a difficult branch of business to regulate.

I do not follow the argument of a previous speaker that where a government has the skill necessary to regulate, it possesses, by the same token, the skill necessary to manage a business enterprise. It does not at all follow that because the Commonwealth of Massachusetts regulates its trust companies satisfactorily or, because the national government supervises the national banks successfully, they have in either case the skill and competence to manage banks and trust companies as well as they are now being managed by private enterprise. The management of railroads and public service corporations, moreover, is more complicated and intricate than the management of financial institutions.

Attention has been called to the shortcomings of a certain railroad system under private operation, but we have many other railroad corporations in this country whose annals present an entirely different story. One might with equal force criticise the banking system of the country by adverting to this or that example of isolated mismanagement. Single instances of success or failure prove little one way or the other.

Mention has been made of the admirable way in which the national government raised a large army, trained and equipped it, sent it overseas and afforded safe convoy. This, it is said, proves how efficiently a government can do things. I know something about the army for I have just been an officer of it. The raising and training of the army was splendidly done, but it was largely the work of

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uniformed civilians, of men who are not in the government service during normal times, men who are captains of private industry in days of peace. The fact that a nation can train an army and win a war throws no light whatever upon its capacity to run railroads efficiently or profitably. War is no ordinary business nor are its operations to be judged by the cold canons of profit and loss.

The airplane program might better have been cited as an example of a government's efficiency in production. But for obvious reasons no allusion was made to it. Nor do I want to say anything about it, for the less said the better. With fine indignation Mr. Martin has narrated how the officials of a certain New England railroad, some years ago, tried to influence public opinion by a huge advertising campaign, paid for by the stockholders' money. But he registered no protest against a much more extensive advertising campaign carried on by a Committee on Public Information, designed also to mould public opinion and paid for by the taxpayers' money. Private enterprises are not alone in using printer's ink to gloss their shortcomings and to herald their achievements. Governments have been known to do likewise, on a bolder and more costly scale.

For a striking example of the way in which the public authorities can spend large sums of money without getting full value for it one does not have to go far from Boston. Not many years ago the Commonwealth of Massachusetts appropriated about ten million dollars for harbor development. Was there ever a more conspicuous example of a large sum of money spent with less direct result to the people of the state? Spending money in the most efficient way is not a proverbial habit of the public authorities anywhere.

Public operation of utilities is no longer a question of conflicting theories. We have had a year of it in the nation at large, and we have had six months of it in this city. The question of whether we are satisfied with it is one which I do not believe any Boston audience needs to have answered for it. We know that the service, both in the street railways and the steam railroads, is poorer than it was under private operation. We know that trains have been taken off, that the upkeep of rolling stock is not as good, and that the service given to the public has deteriorated. We know that discipline has relaxed, and indeed we have long known from experience in other fields that discipline usually deteriorates when the public becomes the employer. We know that rates have gone up. We know that it costs more for transportation on both the steam and the street railways. We know that it costs more to haul freight than it did before. It has been said, and I think it is true, that the revenues of the steam railroads have increased about twenty percent under government operation. The additional income has been six hundred million dollars in six months, which is one hundred million dollars per month, or one dollar a month for every man, woman and child in the country. That is a considerable addition to the cost of living.

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Now, what have we got for it? Have we got political advantages? Have we got social advantages? Have we got something that promises better for the future?

I am willing to assume that the balance sheet of a nation's welfare cannot always be stated in figures. I agree that we might tolerate annual deficits under government operation of railroads and street railways for the sake of social, political, or other advantages, if some such advantages could be shown. I am not prepared to maintain that government ownership is purely a question of dollars and cents. Someone might prove to me that our public schools could be managed more cheaply by competing private companies and might argue that they should therefore be turned over to private enterprise. I would not be convinced, nor would you. There are other considerations.

In the case of public utilities what are these other considerations and to what extent have they been realized? Are the employees better off with the increased wages, enough better off to compensate for the additional rates imposed upon the public? Has government operation of the railroads given the wage-earning classes a readier access to the sources of our food supply? Have we put a premium upon emigration to the suburbs, and a discount on congestion, by raising the fares to pay increased costs of operation? Have we promoted the convenience or comfort of life by such reorganizations of railroad service as the government has seen fit to require? Have we reduced the amount of political pressure brought to bear upon our representatives by public utility interests? I am asking the questions because they ought to be answered.

Dr. Wilcox believes that we are facing a grave labor situation, and I am not in position to deny it. But I cannot say that I follow his argument as to what we ought to do in meeting the situation. He tells us it would be very dangerous if the wages of labor were forced down in the case of railroad employees, and yet only a very small percentage of our laboring men are employed by the railroads of the United States. An enormously greater percentage is engaged in other forms of labor,—not of a public nature. Will not the danger be equally great or correspondingly greater if wages should be forced down in the ordinary industries of the country? Is not the real remedy, therefore, that we should maintain the war rate of wages in all branches of industry and not merely in public utilities? The problem of wage maintenance goes much deeper than the question of public ownership.

Under public operation the railroads are subjected to pressure from two sides. The rate of wages is pressed up by organized employees, the fares and rates are pressed down to suit the travelling public and the shippers. The result is a deficit which the taxpayers of the whole country must make good.

But who are the taxpayers? One of the greatest delusions in this country, to my mind, is the idea that the only man who pays taxes is the man who pays them directly. Man after man will tell you, "What difference

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does it make to me? I pay no taxes." He means, of course, that he pays no taxes directly. But the man who pays no taxes in this country is the man who never eats, sleeps, smokes, drinks or lives. We all pay taxes every day of our lives, and the man who relatively bears the heaviest burden of the taxes is sometimes the one who imagines that he is not taxed at all. He calls it "the high cost of living" but a good deal of it is merely the high cost of government.

I recall a definition of taxation that I once heard and which impressed me as having more truth than fiction in it. "Taxation," it ran, "is a system of confiscation tempered by favoritism" [laughter]. The tempering, moreover, is not the shorn lamb, but to the ram with horns. The tempering of taxation is always to the man with power, and the burden of taxation always comes most heavily on the poor fellow who cannot shift it to the shoulders of anyone else. The real burden of the tax rate comes upon the man who rents a three room flat in a tenement house. It comes upon the family that buys coal by the hodful, or ice a few pounds at a time. And that is the tragedy of it all. Taxes, direct and indirect, form but a small item in the family budgets of the well-to-do, even when taxes are high. But the wage-earner, who often thinks that no portion of the public expenditures falls upon him in any event, is the one who bears the real brunt of the burden. It will avail little, therefore, to shift the cost of operating the railroads from the shipper to the taxpayer. The cost must be borne by prices in any case. And prices are chiefly the concern of the poor. [Prolonged applause.]

Rejoinder by Mr. Wilcox

I have enjoyed the other speeches so much more than I have my own I would rather not say anything. But Professor Munro has called attention to a few things and taken issue with some things which I would like to answer briefly. He has referred to regulation in this state, and I think it will be admitted all over the United States that Massachusetts stands out as the pioneer in intelligent regulation. Massachusetts has had commissions, although not with the full powers that they now have, for twenty-five or thirty years, and if you ever point to successful regulation in the United States, you point to Massachusetts. And yet it is a fact that the Massachusetts Railroad Commission, succeeded by the Massachusetts Public Service Commission, has, so far as the street railways in the state are concerned reached the apparent conclusion that there is no way out by which this state can get the service it must have except by the state taking over the entire electric railway system of the state. Their report is just out and has gone to the legislature, suggesting this as apparently the only thing that will certainly bring the credit that is necessary for the expansion of the street railways. If regulation where it has been most successful has brought the result of placing this conservative state the nearest of any of the United States

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to public ownership of street railways, we will take off our hats to good regulation and say that it is pointing to the right direction.

Now, Professor Munro spoke of regulation of banks as having been successful. I am not an expert on the regulation of banking, and from certain points of view it undoubtedly has been successful, but you gentlemen all know that the worst evil those who were trying to regulate public utilities and the railroads are fighting against, and the thing that they bring out in their talk, is this irresponsible control by banking syndicates of the wealth of the country, not for service but for the manipulation of the money power of the country. And this manipulation of capital has been so concentrated that it is a power which we cannot control and which is not exercised for the benefit of industrial progress. Certainly in that field regulation has not been so successful as would appear on the outside.

With respect to forcing down wages, what I meant to say was that the forcing down of the wages of the railroads and street railways under private management would have the result of initiating a great series of strikes which, because they would be on the transportation systems of the country, would paralyze the business of the country, and would give rise to greater disorders, much greater disorders, than any other kind of strikes involving the same number of men. I did not say that wages should not be forced down, but I did say that it was dangerous and undesirable to leave capital, private capital, operating the railroads and street railways to fight it out with their employees, with the result of tying up our industries and letting loose the forces of disorder during this period of reconstruction.

I think the gentlemen who spoke, barring myself perhaps, have all exercised very great moderation. I was sorry that Professor Munro said one thing that he did: I think if I call attention to it he will admit that it was a little one-sided. He called attention to the fact that the failures of the railroads under regulation and the failures of regulation had been the result of political incompetence going back to legislative and political interferences, and so forth, all of which we admit, as stating one side of the case. But he went on to say, that this was the cause of all these failures, and not anything that the individual companies had done. Now that of course is one-sided.

Rejoinder by Mr. Dunn

Mr. President and Gentlemen: I shall be very brief. Reference has been made to the labor situation, and to the desirability of government ownership as a means of preventing strikes. But strikes have been by no means unknown under government ownership. In 1910 a strike took place on all the railway lines in France, including those owned by the government. There was a strike on the Government railroads of Queensland which resulted in the employees who struck being temporarily disfran-

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chised. There have been strikes on the Government railroads of Hungary, and even upon the little government railroad which the United States is building in Alaska.

If you should ask the employees of American railroads whether they would give up the right to strike under government ownership you would very promptly get a negative answer.

Mr. Martin unintentionally, I am sure, said that I had stated that wages under government ownership ordinarily were higher than under private ownership. I think the tendency of governments immediately after lines are taken over is to advance wages, but I do not believe that in the long run they pay higher wages than private roads. They do ordinarily employ more men to do the same work, with the result that the wage bill is larger in proportion to the service rendered. The only railroads I can find on which the average wage before the war was higher than in the United States was those of Southern Australia.

Mr. Martin challenged those of us who oppose government ownership to point out any state railroad on which there have been developments analogous to those he cited on the New Haven. I call attention to the experience of our friends in Canada with government ownership. The government has owned the Intercolonial road for some fifty years; it has not earned its operative expenses; and there have been many accusations made in Parliament as to the use of the railroad for the purpose of promoting the political interests of the party in power. It has been alleged that immediately preceding election it has not been uncommon for the number of employees to be very largely increased. Two or three years ago a member of Parliament from one of the eastern Provinces resigned, and publicly announced as his reason for resigning that he had been denied the right to appoint an assistant superintendent on the Intercolonial road. The Canadian government undertook to build the Transcontinental Railway for thirty-three thousand dollars a mile, but the final cost was over eighty thousand dollars a mile without equipment. It was built by a government commission. The government subsequently appointed another commission to investigate the commission that built it. This second commission found that it had been extravagantly built, that contracts had been made for the purpose of influencing politics, that in one case a contract had been made for the purpose of influencing a local election at Quebec. The entire report of the second Government commission was a condemnation of the manner in which the first government commission had handled the business. Furthermore there has been much talk in the French Parliament in regard to the way the Western Railway has been mismanaged. It is charged that the government threw out experienced officers and put politicians in their place, and that the service deteriorated despite a very great increase of expenses.

Mr. Martin said that I referred to the increase of railway expenses this year, but made no reference to the increase in amount of work done. The increase in the amount of freight

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handled was less than two percent. The increase in passengers handled was about eight percent; the increase in operating expenses was forty percent.

It is true, as Mr. Martin said, that the advanced rates were in effect only six months of the year. The figures show that in the last six months, with the higher rates in effect, the ratio of expenses to earnings was seventy-seven percent. In the corresponding period of 1917 the operating ratio was sixty-nine percent. The net operating income, which is what is left of earnings after the payment of expenses, taxes and so on was in July, one hundred and thirty-seven million dollars, in September one hundred and twenty million dollars; in October one hundred and one million dollars; in November fifty-seven million dollars; in December twenty-eight million dollars, this decline occurring while the advanced rates were in effect.

The statement was made that two-thirds of the railroads outside of the United States are owned by governments. The last time I checked the figures, the mileage of railways outside the United States owned by private companies was twenty-two thousand miles greater than the mileage owned by governments.

Great Britain, it is true, is considering government ownership. I came back from there the first of January after having had an opportunity to talk with people over there familiar with the situation. Before the war the net earnings of the British roads were about two hundred and fifty million dollars a year. During the war the wages increased from about two hundred and fifty million to about five hundred and twenty-five million dollars. In addition to that, on the first of February they put into effect the principle of the eight-hour day, which involves another one hundred and twenty-five million dollars. In other words, the wages on the British railways during the five years have increased about four hundred million dollars. The net earnings before the war were about two hundred and fifty million dollars and you can see what has happened to the net earnings. The government increased the passenger rates fifty percent on January 1, 1917, which yielded perhaps one hundred and fifty million dollars more revenue, but that is not sufficient. One of the gentlemen advising the chairman of the Board of Trade told me that the railways of Great Britain would spend this year at least a dollar for every dollar they earned, and have a deficit more than equal to the guarantees which they must pay to the companies. The shippers of the country are opposed to an increase in their rates, and without an increase in freight rates the Government cannot turn the lines back to the companies. This is the real reason why Great Britain will go to government ownership.

Now, with respect to the German and American rates, the average rate in Germany before the war was fourteen mills, while in this country it was seven and a quarter mills; and we were paying wages twice as high as those paid in Germany. [Applause.]

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Rejoinder by Mr. Martin

I am a little puzzled with the statement Mr. Dunn made at the beginning of his speech, that under private ownership the wages were usually not as high as under government ownership, coupled with his drastic demonstration at the conclusion, of the morass into which the British railroads operating under government control have come through stupendous increases. The fact of the matter is that all public utility services have suffered during the war everywhere, whether owned privately or publicly from the necessity of greatly increasing wages. The street railways under private ownership and operation throughout the United States are declaring that they are on the verge of bankruptcy. Throughout the nation they have demanded and in many instances have procured six, seven, eight or ten cent fares for their lines. The Bay State line in Massachusetts was no more successful, even before the trustees took it a week or two ago, than the Boston Elevated had been, in rendering the service for the old rate or fare.

Without question, strikes do occur under public ownership. I am going to make a statement which you will think at first is a paradox. But I make it in all seriousness.

One strong reason why we shall be driven to public ownership of steam railroads is that no power less strong than the Federal Government can successfully cope with the railroad unions. Private corporations have shown that they could not manage the railroad brotherhoods. The strikes on the French State railways were successfully grappled with, because the Government took a firm hand in the matter. If we have in this country the public at large directly interested in the ownership and management of the lines, the great weight of public sentiment will come in to control the action of the railroad employees when they threaten strikes. So long as there is private ownership and the antagonism is between a private corporation and the union, the great mass of public opinion is in most instances intuitively on the side of the employees, and in order to get continuous service with proper discipline of the unions I am convinced that we shall be shown, as as been shown in other countries, that only the power of the Government is strong enough to cope with the employees of the railroad lines, when they are thoroughly organized, as are our four brotherhoods. [Applause.]

President Lincoln. On behalf of the Club I desire to extend thanks to all the speakers who have contributed so much to the success of this occasion. [Applause.]

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